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*The Sixtieth Anniversary*

1868-1928









GEORGE I. COCHRAN

*President of the Company since 1906*



*The*  
PACIFIC MUTUAL  
LIFE INSURANCE  
COMPANY *of California*

A HISTORY *of the* COMPANY  
*and the* DEVELOPMENT *of its*  
ORGANIZATION

*The Sixtieth Anniversary*

1868-1928

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By C. I. D. MOORE

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THE PACIFIC MUTUAL LIFE INSURANCE COMPANY  
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LOS ANGELES

## Foreword

THIS BOOK is only what its title purports, namely, *a* history of the Pacific Mutual Life Insurance Company. *The* history of the Pacific Mutual will never be written, nor can it be. No record has ever been made of the part that a multitude of people have had in building the Pacific Mutual, and, had it been made, we would still be without any exact knowledge of those hidden influences in individuals and groups that are not subject to record, and yet have been potent in shaping the career of the Company.

As I set myself to collect the materials that should be woven into the story of the Pacific Mutual, I find that we are unfortunate in some respects, very fortunate in others. None of the people who had anything to do with bringing the Company into existence, or with guiding its affairs in its very earliest years, is now living. The books containing the minutes of the meetings of the Board of Directors through all the years prior to 1906, and other papers and materials that would be exceedingly helpful, were burnt in the great San Francisco fire, in April of that year. But, fortunately, the minute books of the Executive Committee of the Board, excepting the one in use at the time of the conflagration, have been preserved. That committee, from the beginning, transacted



nearly all important business, so that, from its records, and from inferences that may be safely deduced, I have been able to secure most of the essential facts.

We are fortunate in still having on the official staff, and in the sales force of the Pacific Mutual, several men who have been in the service of the Company for many years. Conspicuous among these are Thomas Fox, of Sacramento, who celebrated the fiftieth anniversary of his appointment as office boy, on August 13, 1927, and who, until the close of 1927, was General Agent for the Company at Sacramento; Vice-President Rich J. Mier, who also began as office boy, in 1881; W. A. Jenkins, Junior Vice-President and Assistant Treasurer, whose connection dates from 1886; and Danford M. Baker, Vice-President and Superintendent of Agencies, who entered the Company's service, as General Agent for Missouri and Kansas, in 1890. The assistance of these men, and of others of fewer years of service, has been of great value.

My chief aid in the collection of pertinent data has come from Samuel M. Marks, Secretary and Treasurer of the East Bay Water Company, Oakland, California, who entered the Pacific Mutual's employ, as office boy, on July 1, 1872, when the Company was but four years old, served it for many years in the capacity of Secretary, and was Second Vice-President at the time of his resignation, in 1905. As no other man now living has an intimate

knowledge of Pacific Mutual affairs, that runs as far back as his, I have naturally leaned heavily on Mr. Marks for a correct interpretation of much that is contained in the original sources now available. He has given freely of his time to this work and I here acknowledge our indebtedness to him.

The chief purpose of this book is to make available, in usable form, such data relative to the organization, development, and expansion of the Pacific Mutual, and its personnel, as should be permanently preserved. The skeletal data of the history of an insurance company, which are in the main tabulated statistics and the record of mere business transactions, are dry reading to most people. I have, therefore, endeavored to cover over the skeleton with as much as possible of the living tissue of human interest happenings, many of them perhaps of no real historical worth in themselves, yet admittedly necessary to the even approximate completeness of any story of human achievement. I am deeply conscious of my inability to present in this book a creation approaching at all, in completeness or comeliness, the great institution with which it deals.

C. I. D. MOORE.

*Los Angeles,  
January 3, 1928.*



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*A History of the Company  
and the Development of  
its Organization*





## I

# LIFE INSURANCE IN THE SIXTIES



THE decade near the close of which The Pacific Mutual Life Insurance Company of California entered the field, was quite prolific in the birth of new life insurance companies. In 1860, there were eighteen companies that reported to the New York Department. The number had increased to seventy-one, in 1870. Their total insurance in force in that year slightly exceeded two billion dollars. These companies included practically all companies in existence in the United States at that time. Nearly half of them came upon the scene during the two years just preceding the appearance of the Pacific Mutual. Two-thirds of them went by the board during the period of depression that began with the panic, in 1873.

In those days there had been developed but little of the expert knowledge of life insurance which is now available. The business in this country was beginning to evolve from a state of crudity into what has since become American life insurance. An insurance department had been organized in but very few of the states,



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

and there was great lack of supervision. The California Department opened its offices on March 26, 1868, less than two months before the Pacific Mutual began to issue policies. The absence of supervision is reflected in the fact that a large part of the assets of the companies consisted of premium notes. In 1870, of the seventy-one companies licensed in Massachusetts, twenty-three did not hold interest-bearing securities equal to the reserve value of outstanding policies. In 1870, the mortgage loans of the companies were but forty-four per cent of their total assets, and had decreased from fifty-nine per cent at the beginning of the decade.

Very little had as yet been written into the statutes of the various states that aimed to protect the holders of insurance policies and their beneficiaries. American companies took their cue largely from the British companies, and depended to a great degree upon them for technical data and methods of operation. Added to the lack of supervision and adequate statutory provisions was the further fact that many of the companies were started for speculative purposes and became the victims of subsequent bad management. It cannot be a matter of surprise, therefore, that when the testing time came early in the next decade, the shores should be strewn with the wreckage of most of these companies, involving their policyholders in a loss of about thirty-five million dollars. Public confidence in life insurance was greatly shaken and serious competition developed in the seventies in a host of assessment associations which sprang up all over the country and made a strong appeal to the many people who believed the accumulation of reserves was a source of danger. It is interesting to ob-

## LIFE INSURANCE IN THE SIXTIES

serve that every one of these assessment concerns has since failed or gone upon the legal reserve basis.

Two important events affecting the welfare of life insurance transpired at the time the Pacific Mutual began, or shortly after. The American Mortality Tables were published in 1868, and in 1870, the Life Assurance Companies' Act was passed in Great Britain, whose provisions dealt directly with strengthening the financial stability of the companies and exerted a good influence on all phases of the business. In the opinion of not a few authorities, this act marked the beginning of a new day in life insurance.

In the early sixties, the policyholders were quite restricted in their privileges and the coverage granted, as compared with the liberality of present-day contracts. Certain prohibitions were laid down as to travel and residence, even within the United States. Suicide, death by duel, or in violation of the law, and even a trifling misstatement in the application voided the policy. If a policyholder changed his occupation after insuring, that act gave the company the right to cancel his contract. There was no grace allowed in the payment of premiums, no policy loan privileges, and if a policyholder was obliged to surrender his policy and desired to cash it in, what, if anything, the company would pay him was entirely at its discretion. Non-forfeiture laws, however, had been passed in Massachusetts and other states when the Pacific Mutual commenced business, so that the Company in its earliest policies incorporated some non-forfeiture privileges that were liberal for that time and allowed a grace period in payment of premiums. But death claims were not payable until thirty or sixty days

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

after date of death. The practice had been to defer payment for as long as ninety days. There were further restrictions that cited quite a lengthy list of hazardous occupations, all of which have long since been eliminated.

It is of interest to note that, in 1868, the population of the United States was less than forty millions and that of California a little over a half-million. There was but one other old line company domiciled in the state, the California Mutual Life Insurance Company. It was incorporated November 16, 1867, and had its head office in San Francisco. While it did a considerable business for that time, it did not survive many years. The Pacific Mutual had a re-insurance agreement with it for a short period. It is a further fact of interest that the arrangement for the insurance of personal accident and health insurance by life companies was inaugurated in 1866, of which the Pacific Mutual took advantage when it framed its charter.

The foregoing gives in brief the background of the insurance picture when the Pacific Mutual was organized. It came upon the stage when the business was emerging from a period of experiment and uncertainty into one that gave greater assurance both to companies and policyholders because of better laws and improved contracts. Yet the years just ahead were stormy ones for all lines of business and imposed a severe test upon the sea-worthiness of every enterprise then in existence. That this young Company was able to weather the storm and keep afloat when so many were going down speaks for itself as to the solidity of its organization and the integrity and ability of its management.



## II

### BIRTH OF THE PACIFIC MUTUAL



ON THE 28th day of December, 1867, the Articles of Incorporation of The Pacific Mutual Life Insurance Company of California were drawn up and signed at the city of Sacramento by the thirty-one pioneers whose names are attached to that document. The Articles were filed with the Secretary of State on Thursday, January 2, 1868. This latter date has always been regarded as the birthday of the Pacific Mutual.

The Company was organized under "An Act to provide for the incorporation of Mutual Insurance Companies for the Insurance of life and health, and against accidents." This act was adopted by the State Legislature and approved April 2, 1866. The Articles of Incorporation charted the course which the Pacific Mutual proposed to follow, and which it has followed faithfully from the beginning. They are inserted here *in toto*, also the list of subscribers to the Capital Stock.



# PACIFIC MUTUAL LIFE INSURANCE COMPANY

## ARTICLES OF INCORPORATION

Know all men by these presents:

That we, the undersigned, do certify that we have associated ourselves for the purpose of forming a Company under and by virtue of the provisions of an Act of the Legislature of the State of California, entitled, "An Act to provide for the incorporation of Mutual Insurance Companies, for the Insurance of lives or health of individuals, or against accidents to them," approved April 2d, A. D. 1866, and any Act supplementary thereto or amendatory thereof.

That, in conformity with the requirements of said Act, we hereby further certify that the corporate name of said Company is and shall be "The Pacific Mutual Life Insurance Company of California." That the amount of its capital stock shall be \$100,000. That the number of shares of which said capital stock shall consist shall be one thousand of one hundred dollars each. That the term of its existence shall be seventy-five years, from and after the date of the filing of this certificate in the office of the County Clerk of Sacramento County.

That the number of Directors who shall manage the concerns of the Company for the first year shall be fifteen, and their names are:

LELAND STANFORD

LEONARD GOSS

H. H. HARTLEY

SAMUEL LAVENSON

P. H. RUSSELL

H. F. HASTINGS

J. H. CARROLL

E. B. KENYON

CONRAD WEIL

JAMES CAROLAN

B. F. HASTINGS

GEO. R. MOORE

NEWTON BOOTH

D. W. EARL

ROBERT HAMILTON



## BIRTH OF THE PACIFIC MUTUAL

That the office of the Company shall be located in the city of Sacramento, county of Sacramento, and State of California.

That the object for which the Company is formed and organized is to make insurance upon any and all of the risks, and to do any and all of the business mentioned and provided for in the Act hereinbefore named.

In witness whereof, we have hereunto set our hands and seals, at the city of Sacramento, the 28th day of December, 1867.

LELAND STANFORD  
JAMES ANTHONY  
PAUL MORRILL  
MARK HOPKINS  
HENRY H. HARTLEY  
B. F. HASTINGS  
THOS. FINDLEY  
GEO. R. MOORE  
JAMES CAROLAN  
ROBT. HAMILTON  
P. H. RUSSELL  
H. F. HASTINGS  
LEONARD GOSS  
THEO. J. MILLIKEN  
JOS. M. FREY

G. C. HALL  
SAMUEL LAVENSON  
GEO. W. LOCKE  
L. ELKUS  
DWIGHT HOLLISTER  
J. H. CARROLL  
S. D. SMITH  
HENRY C. KIRK  
D. W. EARL  
NEWTON BOOTH  
C. T. WHEELER  
JOHN CONLEY  
CONRAD WEIL  
C. CROCKER  
E. B. KENYON

JAMES McCLATCHY

## SUBSCRIBERS TO CAPITAL STOCK

|                      |                        |                |
|----------------------|------------------------|----------------|
| HON. LELAND STANFORD | President, C.P.R.R.    | Sacramento     |
| HON. H. H. HAIGHT    | Governor of California | Sacramento     |
| HON. ROBERT C. CLARK | County Judge           | Sacramento     |
| HON. THOMAS FINDLEY  | Banker                 | Nevada         |
| HON. NEWTON BOOTH    | Booth & Co., Merchants | Sacramento     |
| HON. JOHN CONLEY     | Banker                 | La Porte, Cal. |
| HON. E. B. CROCKER   | Gen. Agt., C.P.R.R.    | Sacramento     |

# PACIFIC MUTUAL LIFE INSURANCE COMPANY

|                       |                                  |                |
|-----------------------|----------------------------------|----------------|
| HON. ROBERT WATT      | State Controller                 | Sacramento     |
| GEN. JOHN F. HOUGHTON | Surveyor General                 | Sacramento     |
| D. O. MILLS           | President, Bank of<br>California | San Francisco  |
| B. F. HASTINGS        | John Sime & Co.,<br>Bankers      | San Francisco  |
| EDGAR MILLS           | D. O. Mills & Co.,<br>Bankers    | Sacramento     |
| H. F. HASTINGS        | B. F. Hastings & Co.,<br>Bankers | Sacramento     |
| HENRY MILLER          | D. O. Mills & Co.,<br>Bankers    | Sacramento     |
| JOHN ARCHBALD         | Savings Union                    | San Francisco  |
| CHARLES CROCKER       | Vice-Pres., C.P.R.R.             | Sacramento     |
| MARK HOPKINS          | Treasurer, C.P.R.R.              | Sacramento     |
| PAUL MORRILL          | "Sacramento Union"               | Sacramento     |
| LEONARD GOSS          | Goss & Lombard, Iron<br>Works    | Sacramento     |
| WASHINGTON BARTLETT   | County Clerk                     | San Francisco  |
| W. E. BROWN           | C. & F. Co.                      | Sacramento     |
| BAKER & HAMILTON      | Merchants                        | Sacramento     |
| BAKER & HAMILTON      | Merchants                        | San Francisco  |
| L. WILLIAMS           | Merchant                         | Sacramento     |
| D. W. EARL            | Merchant                         | Sacramento     |
| JOS. M. FREY          | Physician                        | Sacramento     |
| H. S. CROCKER & Co.   | Stationers                       | Sacramento     |
| CONRAD WEIL           | Merchant                         | Sacramento     |
| LOCKE & LAVENSON      | Merchants                        | Sacramento     |
| E. B. MOTT, JR.       | Gillig, Mott & Co.               | Sacramento     |
| HENRY C. KIRK         | Merchant                         | Sacramento     |
| DANIEL W. CLARK       | Merchant                         | Sacramento     |
| I. S. CHILES          | Farmer                           | Yolo Co., Cal. |
| J. W. FREEMAN         | Farmer                           | Visalia        |
| J. S. FRIEND          | Friend & Terry                   | Sacramento     |
| W. E. TERRY           | Friend & Terry                   | Sacramento     |
| JAMES McCLATCHY       | Editor, "Sacramento<br>Bee"      | Sacramento     |
| J. WILCOXSON          | Capitalist                       | Sacramento     |

## BIRTH OF THE PACIFIC MUTUAL

|                       |                        |               |
|-----------------------|------------------------|---------------|
| JAMES FARIS           | Capitalist             | Sacramento    |
| J. H. CARROLL         | J. H. Carroll & Co.    | Sacramento    |
| ROBERT GREEN          | Klebitz & Green        | Sacramento    |
| W. C. FELCH           | Real Estate            | Sacramento    |
| ANSON G. STILES       | Merchant               | San Francisco |
| C. C. HAYDEN          | Capitalist             | Sacramento    |
| P. SCHELDT            | Brewer                 | Sacramento    |
| EDWARD CADWALADER     | Real Estate Agent      | Sacramento    |
| J. S. WOODS           | Capitalist             | Sacramento    |
| C. W. PIERCE          | Farmer                 | Sacramento    |
| H. WINTERS            | Merchant               | Sacramento    |
| P. H. RUSSELL         | Merchant               | Sacramento    |
| JAMES CAROLAN         | J. & P. Carolan & Co.  | Sacramento    |
| E. B. KENYON          | Capitalist             | Sacramento    |
| ISAAC LOHMAN          | Capitalist             | Sacramento    |
| DWIGHT HOLLISTER      | Farmer                 | Sacramento    |
| C. W. CLARKE          | Stock-raiser           | Sacramento    |
| R. S. CAREY           | Farmer                 | Sacramento    |
| I. S. VANWINKLE       | I. S. VanWinkle & Co.  | Sacramento    |
| DEUEL, GRIFFITH & Co. | Merchants              | Sacramento    |
| JAS. H. SULLIVAN      | Capitalist             | Sacramento    |
| W. SHARP              | Merchant               | Sacramento    |
| J. GREGORY            | Merchant               | Sacramento    |
| JAS. E. SMITH         | Attorney               | Sacramento    |
| GEO. R. MOORE         | Attorney               | Sacramento    |
| GEO. LORENZ           | Merchant               | Sacramento    |
| S. LIPMAN & Co.       | Merchants              | Sacramento    |
| G. C. HALL            | Merchant               | Sacramento    |
| W. R. CLUNESS         | Physician              | Sacramento    |
| FREDERICK MIER        | Merchant               | Sacramento    |
| H. J. GLENN           | Farmer                 | Sacramento    |
| C. T. WHEELER         | Booth & Co., Merchants | Sacramento    |
| F. BIRDSALL           | Birdsall's Mills       | Dayton, Nev.  |
| D. W. KLEINHANS       | Capitalist             | Sacramento    |
| SYLVESTER TRYON       | Capitalist             | Sacramento    |
| ULRICH BAYER          | Merchant               | Sacramento    |
| BARNEY CLARK          | Union Hotel            | Sacramento    |
| HAGGIN & TEVIS        | Attorneys              | San Francisco |
| L. A. BOOTH           | Capitalist             | San Francisco |

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

|                 |                     |                 |
|-----------------|---------------------|-----------------|
| L. S. ADAMS     | Adams, McNeil & Co. | San Francisco   |
| E. F. NORTHAM   | Capitalist          | San Francisco   |
| L. L. ROBINSON  | Capitalist          | San Francisco   |
| R. B. WOODWARD  | Woodward's Gardens  | San Francisco   |
| J. H. BAIRD     | Capitalist          | San Francisco   |
| GEO. C. POTTER  | Capitalist          | Oakland         |
| JOHN EDWARDS    | Merchant            | Ione City, Cal. |
| JOHN D. STEVENS | Capitalist          | Yolo Co., Cal.  |

While the purpose back of the transaction that brought the Pacific Mutual into existence is set forth in the Articles of Incorporation, the real motive does not appear. Among the incorporators were not a few men of vision who were at the time engaged in enterprises of great magnitude, which required large sums of money, an article that was none too plentiful in those days, even in the Golden State. Some of them, no doubt, entertained the hope that this child they were fathering would soon grow to vigorous and helpful manhood. Conspicuous among these were Leland Stanford and his business associates, the former then President of the Central Pacific Railroad, whose line was nearing completion. It is not a mere guess that a determining conviction in the minds of these men was the thought that if an old line life insurance company could be successfully launched and operated at Sacramento, its rapidly accumulating reserves would furnish some of the capital so much needed in a new and undeveloped country. The promotion literature put out by the Pacific Mutual stressed the fact that each year an increasing sum of money for the payment of insurance premiums was being sent East, the implication being that these funds should be kept at home through the purchase of insurance from a California company.



### III

## THE FOUNDERS



AMONG the men whose names are given in the preceding chapter, as appended to the Articles of Incorporation or enrolled in the list of Subscribers to Capital Stock, were not a few who achieved great prominence and played a large part in the early development of California. Communities and institutions do not soon lose the impress of the character of the men who founded them. The spirit of those sturdy pioneers still lives in the Pacific Mutual. To preserve that spirit and the traditions that have grown up about the Company and to pass them on to those who shall follow, should be regarded by each succeeding generation of people in whose hands the well-being of the Pacific Mutual shall rest, as a great duty and a sacred trust.

It would be foreign to the purpose of this book to relate *in extenso* the story of each individual whose actions and money assisted in bringing the Pacific Mutual into existence. That story, however, is an important part of the background of our picture, and this history would be decidedly lacking without the inclusion of at



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

least a few paragraphs concerning each of the most prominent among its founders.

LELAND STANFORD.—The name of Leland Stanford will ever be one to conjure with in that part of California's history in which he was active. For more than forty years he was intimately identified with many large interests, and during that time amassed a fortune of over fifty million dollars. Mining, agriculture, commerce, transportation, finance, government and education all received much of his attention, and upon some of these fields he has left an enduring impression. I have already referred to his connection with the Central Pacific Railroad. The financing and building of this first transcontinental line forms a story of thrilling interest. His leadership as president of the corporation was crowned with success, and to him naturally fell the honor of driving the last spike which signified its completion, May 10, 1869.

One of Mr. Stanford's hobbies was the raising of fine horses. He was a lover and a good judge of horses and bred many fine animals on his great Vina Ranch at Palo Alto. His favorite horse was Occident. Whenever Occident was to appear on the race track, it was a holiday occasion and the whole countryside turned out to see him. A couple of interesting observations are worthy of record in this connection. In order to register Occident's movements in detail when in action, Mr. Stanford had a series of cameras placed at short intervals around the race track and, putting the photographs together in order, obtained what was in effect a moving picture of this famous horse while racing. This was probably the first moving picture ever made. The other observation

## THE FOUNDERS

is that one of the earliest pieces of advertising put out by the Pacific Mutual was in the form of a card containing a schedule of the races for the day on one side, and the Company's advertisement on the other. It fell to the lot of the office boy, "Sam" Marks, to distribute these cards among the crowd at the race track, and he was commended for his alacrity and thoroughness in the performance of this commission. The races were held at Sacramento and were a big feature of the State Fair, which took place in September.

Mr. Stanford was a native of New Jersey, studied law and practiced in Wisconsin, came to California in 1852, engaged in mining for four years and then established himself as a merchant in Sacramento. He was a delegate to the convention that nominated Abraham Lincoln for the Presidency, Governor of California from 1861 to 1863, and United States Senator from 1885 to 1891. He is probably now remembered by most people as the founder of the Leland Stanford Junior University at Palo Alto, to which he made an initial gift of twenty million dollars.

It is not to be wondered at that the promoters of the Pacific Mutual, in looking for a man to head up the organization, should think of Leland Stanford as its president. He responded readily to the idea, and fully appreciating the significance of this new project, as we have already indicated, gladly gave to the infant Company the prestige and great influence that attached to his name.

It would appear, however, that President Stanford took no very active part in the work of organizing and launching the Company. Nor does he seem to have

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

given much attention to its routine business after it got started. We cannot be surprised at this. Deeply immersed as he was in so many large affairs, he must have had but little time to give to the business details of another new enterprise. Mr. Marks, who as an office boy served under Mr. Stanford, tells us he well remembers that when on one occasion he took a bunch of policies to his office to be signed, the President ordered, "Take them to Edgar Mills; I'm too busy." (Mr. Mills was then Vice-President.) That he was willing to hold the presidency for several years, subscribed for the limit of capital stock allowed, and took out on his own life the first policy of insurance issued by the Company, that also for the limit—\$10,000, should be sufficient to establish his deep interest in the Pacific Mutual and his thorough confidence in its future. President Stanford's name does not appear on the payroll of the Company, which is of frequent record in the minutes of the Executive Committee, and there is no evidence that he ever received any salary from the Company, although he was its chief executive for eight years.

NEWTON BOOTH.—In the lists of incorporators and original stockholders of the Pacific Mutual are the names of two other men who served California as its Governor, Newton Booth and Henry Huntley Haight, both of them also residents of Sacramento. Mr. Booth, an uncle, by the way, of Booth Tarkington, the author, was a lawyer by profession. Born and educated in Indiana, where he was admitted to the bar, in 1849, he shortly after removed to California and entered the wholesale grocery business in Sacramento. He was a man of culture, strict integrity, and marked ability. A Republican in politics,

## THE FOUNDERS

he was elected Governor of California, in 1871, on anti-monopolist issues, and served four years. At that time the railroad had become involved in state politics and was seeking to secure Goat Island, in San Francisco Bay, as a terminus. Mr. Booth was a State Senator for California prior to becoming Governor and, immediately following his term as Governor, represented California in the United States Senate for six years, 1875 to 1881. He took a deep interest in the Pacific Mutual during its first two or three years and was very active in its affairs, serving as a member of its first Executive Committee.

HENRY HUNTLEY HAIGHT.—Governor Haight, who was a Democrat, occupied the gubernatorial chair for the four years immediately preceding Mr. Booth's term. He, too, was a lawyer, born in New York, educated at Yale University, admitted to the bar at St. Louis, and came with his father to practice law in California when he was a young man. His active interest in the Pacific Mutual seems to have been confined to subscribing for its stock and signing one of the guarantee notes, both for the limit allowed.

Among the interesting relics that have been preserved is a small book, bound in sheepskin, which contains the list of subscriptions to capital stock and the original signature of each subscriber. The three names that head the list are, in order, Leland Stanford, Mark Hopkins, and C. Crocker, each for twenty shares of stock. These men, with Collis P. Huntington, were very closely associated with each other in different business interests and were known as the "Big Four" in the building of the Central Pacific Railroad.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

MARK HOPKINS.—Mark Hopkins was a New Yorker who came to California early in life and formed a partnership with E. H. Miller of Sacramento, under the name of Hopkins & Miller, which did a mercantile business. Later he entered into partnership with Mr. Huntington, also in Sacramento. This partnership continued until Mr. Hopkins' death twenty-four years later, and dealt in hardware, railroad and other like materials, its business amounting to hundreds of millions of dollars. Strictly an office man, Mr. Hopkins served the railroad as treasurer for many years. He was one of the incorporators, as well as an original stockholder, of the Pacific Mutual. His name has long been conspicuous in San Francisco, now made still more so by the new palatial Mark Hopkins Hotel, which crowns one of the hills on which the city is built.

CHARLES CROCKER.—There is probably no name more closely identified with the early industrial and commercial development of the Pacific Coast than that of the third member of this trio—Charles Crocker, the father of our present Director, William H. Crocker. He was a man of remarkable force and ability. The story of his life, from his early boyhood down to its close, which is related in "Chronicles of the Builders of the Commonwealth," is one of the romances of pioneer days. The Crockers are descendants of Sir William Crocker of England, who settled in the United States in the Seventeenth Century. Charles was born in Troy, New York, and when a young man crossed the plains to California, and reached Sacramento in August, 1850. Here he entered business as a merchant and later became associated with Stanford, Hopkins and Huntington in



## THE FOUNDERS

the railroad project. He was Vice-President of that corporation, and as Superintendent of Construction was probably the biggest factor in the successful completion of the herculean task which this little coterie had undertaken. Mr. Crocker, as one of the incorporators of the Pacific Mutual, and a director for a number of years, had no small part in laying securely the foundations of the Company. He was deeply interested in its success in a helpful way until his death, in 1888.

JOHN H. CARROLL.—John H. Carroll, who succeeded Mr. Stanford in the presidency of the Pacific Mutual, in 1876, and held that office until the election of Dr. George A. Moore, in 1880, was a man of numerous large interests. He was a New Englander, Massachusetts his native state, and came around the Horn with the gold-seekers, in 1849. He took up his residence in Sacramento, engaged extensively in the milling business at Folsom, and later in Sacramento, was a farm owner and a director of the State Agricultural Society, interested financially in the warehouse business and other lines, and prominent in civic, philanthropic and social affairs. As one of the incorporators of the Pacific Mutual and a member of the original Board of Directors, he was very active as a member of the first Executive Committee, which position he held during his entire connection with the Company. He was Vice-President from 1873 to 1876, during which time he exercised the functions of President, in the absence of Mr. Stanford, becoming President himself in 1876, as already noted.

Mr. Carroll was a man of much personal charm—cheery, virile, and of a most kindly disposition towards

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

his subordinates. His withdrawal from the Company, in 1880, was keenly lamented by the latter.

SAMUEL LAVENSON.—Another man of like nature with Mr. Carroll, also an incorporator and one of the first Board of Directors, was Samuel Lavenson. He was long connected with the Company and did not retire as a Director until his demise, in 1900. During most of that time he was a member of the Executive Committee and very intimately involved in the transaction of the Company's business.

Mr. Lavenson came from Germany and landed in Sacramento in 1851, just at the threshold of his young manhood. A man of thrift and excellent judgment, he soon became well established in a mercantile business as a member of the firm of Locke & Lavenson. That partnership continued and prospered greatly until its dissolution at his death. Mr. Lavenson was long recognized as one of the most enterprising and substantial men of the community. His superb character and big-hearted generosity made everyone who knew him his friend. His domestic life was admirable and bore good fruit in the successful careers of all of his children. Each of his four sons and four daughters, possessing that fine sense of obligation so characteristic of their father, is an honor to his memory. It is a fact worthy of note that the many possessions acquired by Locke & Lavenson, apart from their Sacramento business, have been maintained in common by their respective families, and represent an exceptional continuity of interest (1854-1928) for Californians.

DANIEL W. EARL.—The founder of the Pacific Mutual who maintained his active connection with the



D. W. EARL



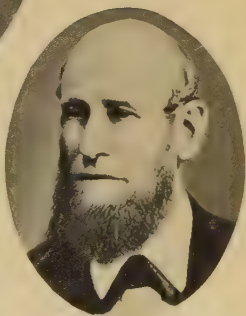
CHARLES CROCKER



MARK HOPKINS



LELAND STANFORD  
*President, 1868-1876*



JAMES McCLATCHY



NEWTON BOOTH



SAMUEL LAVENSON

SOME OF THE FOUNDERS



PAUL MORRILL



DWIGHT HOLLISTER



JAMES ANTHONY



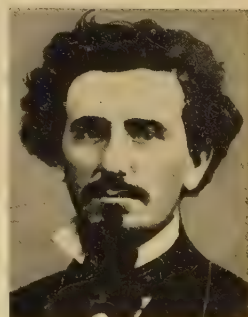
J. H. CARROLL  
*President, 1876-1880*



PATRICK H. RUSSELL



JAMES CAROLAN



GEORGE R. MOORE

SOME OF THE FOUNDERS



## THE FOUNDERS

Company the longest, surviving all the other members of the original group, was Daniel W. Earl. He was a Director from the beginning until his retirement from the Board, in 1907, and a valued member of the Executive Committee. He came from South Bend, Indiana, to California by way of the plains, in 1850, and established himself in business in Sacramento. His interests included an extensive forwarding business, banking, mining and insurance, and involved him in enterprises that contributed in no small way to the early development of California. In 1873, he changed his place of residence to San Francisco, but continued his close connection with the Pacific Mutual as long as it remained in Sacramento, and subsequently during the entire period of its location in San Francisco.

Mr. Earl was a firm believer in insurance and with Leland Stanford was one of the first group of applicants for a policy in the Pacific Mutual, in May, 1869. He, like Stanford, took a Ten-Payment Life Policy, participating, for \$5,000 (Policy Number 15), which continued in force until his death, in 1921, at the ripe age of 89. He also carried an accident policy with the Company from the incipency of the department, in 1885, until he passed the age limit for such coverage.

JAMES ANTHONY, *et al.*—James Anthony, whose name appears second on the list of incorporators, was a Pennsylvanian and a Forty-niner. He and Paul Morrill, whose name follows that of Mr. Anthony, were the publishers of the old *Sacramento Union*. The former acquired wealth from mining and trade, and was a man of great energy, and resolute and tenacious character. Dwight Hollister, who was a rancher and pioneer fruit



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

grower in the Sacramento Valley, operated on a large scale, which brought him affluence. He served two terms in the State Legislature.

JAMES McCLATCHY.—The last named in the list of incorporators, James McClatchy, was in no sense the least of the thirty-one founders of the Pacific Mutual in prominence and influence. Through his paper, the *Sacramento Bee*, still one of the leading dailies in the State, he wielded a great influence for good in pioneer days and was a powerful champion of justice and right in the settlement of numerous important issues. He is credited with having saved California for the Union. A man of great courage, he attacked fearlessly the outstanding evils of his day, among them land monopoly, the destruction of crops by cattle, because of the absence of fences on the ranges, and the imperiling of the rivers and bays of the State by hydraulic mining, and did more than any other citizen to secure the abolition of these evils through adequate legislation. He held some radical views and gave Henry George both the inspiration and the ideas for his book, "Progress and Poverty." George wanted McClatchy to write the book, but he declined.

DARIUS O. MILLS.—In the list of stockholders, there are others besides those already mentioned about whose names much of the early history of California was woven. One of these was Darius O. Mills, whose bank, the Bank of D. O. Mills & Co., in Sacramento, founded in the early fifties, was a foremost financial power on the coast and interested in the inception and successful conducting of every great local enterprise. The Mills Bank, since merged with the California National Bank of Sacramento, was at one time the almost exclusive agent of

## THE FOUNDERS

the entire business of developing and working the famous Comstock Lode, in Nevada.

ROBERT CHRISTOPHER CLARK.—Robert C. Clark, put down among the stockholders as a "County Judge," became the Company's first attorney, which position he held for a good many years. His name will appear again in subsequent chapters, as well as others in these original lists, who later served the Company in various capacities.

Space will not allow even a brief sketch of other men of greater or less note who did their full share in creating the Pacific Mutual and starting it out upon its career. That is impossible, also, for the reason that the necessary information is not available in quite a few instances. Careful search has disclosed the fact that many of the interesting data necessary for a full treatment of the subject of this chapter, including photographs and other material, were forever placed beyond reach by the San Francisco fire. Enough has been given, however, to make possible a correct conception of the character of the founders of the Company. As a group they were sturdy souls, and with very few exceptions came to California at the time of the gold rush, or soon thereafter. The rugged qualities that enabled the pioneers to face unflinchingly all manner of perils and overcome great obstacles, making possible the mighty achievements for which their posterity will forever be indebted to them, are the rich soil in which the Pacific Mutual took root and which set flowing those vital currents that have preserved and expanded every part of the growing organism.





## IV

### PROMOTION AND ORGANIZATION



**S**IMON SCHREIBER.—We look in vain among the incorporators and the list of stockholders for the name of the man whose mind it appears conceived the idea of organizing a life insurance company in Sacramento. That man was Simon Schreiber, who later, with Josiah Howell, formed a partnership known as "Schreiber & Howell," which acquired the general agency of the Company through a contract covering all of its business. Mr. Schreiber was at that time an agent in Sacramento for the Germania Life Insurance Company of New York. He was a civil engineer by profession, gifted with a fine mathematical mind, an adept at figures, most energetic in his undertakings, in the prime of life, with a large and valuable acquaintance and eminently qualified for the work of promoting a new enterprise. He had but little difficulty in interesting the more prominent men of the community in subscribing for stock in the new company.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

**JOSIAH HOWELL.**—Josiah Howell was also engaged in the life insurance business in Sacramento and represented the Mutual Life Insurance Company of New York, as well as some other companies. For many years he held the position of General of the Fourth Brigade, N. G. C., was recognized as an able man of affairs and to a large clientele brought his ripe knowledge of insurance. These two men were the real promoters of the Pacific Mutual. The first secured subscriptions to the capital stock in Sacramento, which city furnished the majority of the subscribers. Later Mr. Schreiber added to the list the names of a number of prominent residents of San Francisco, and a few from other neighboring towns.

**CAPITAL STOCK AND GUARANTEE NOTES.**—As called for in the Articles of Incorporation, and required by law, the capital stock of the Company was \$100,000. It was paid for in gold coin. The shares were for \$100 each. In addition, the stockholders were required to put up \$250,000 in guarantee notes to further secure the payment of the Company's obligations, which notes were to be retired when covered by the net earnings of the Company in an equal amount. No cash subscription was taken exceeding \$2,000, and no note for more than \$5,000, the legal limit.

It would appear that further subscriptions were invited after the Articles of Incorporation were filed, for on January 16, 1868, this advertisement appeared in the Sacramento papers: "Subscriptions to the capital stock of this company will be received at the bank of B. F. Hastings & Co., corner of J and 2nd streets, where all information can be obtained." To this notice were appended the names of the fifteen directors and the Com-

## PROMOTION AND ORGANIZATION

pany's officers. By April 20, following, the cash capital had all been paid in and the guarantee notes secured, and the Company was ready to complete its organization.

**FIRST DIRECTORS AND OFFICERS.**—In the Articles of Incorporation, on a preceding page, the names of the first Board of fifteen Directors are given. The By-Laws were adopted on February 20, 1868. They called for the election by the Board of a President, a Vice-President, a Secretary, a Physician-in-Chief, and an Executive Committee of five members, two of whom should be the President and the Vice-President.

The first officers elected were Leland Stanford, President; H. F. Hastings, Vice-President; Joseph Crackbon, Secretary; Dr. Joseph M. Frey, Physician-in-Chief. The Executive Committee consisted of President Stanford, Vice-President Hastings, and Directors Leonard Goss, J. H. Carroll and Newton Booth. Schreiber & Howell, as previously noted, were appointed General Agents and to them was handed over full responsibility for the production of business. They apparently exercised all of the functions of the present day superintendent of agencies. Their compensation was a commission on all the business produced.

**EXECUTIVE COMMITTEE'S DUTIES.**—The duties prescribed for the Executive Committee by the original By-Laws were quite numerous and imposed on the Committee large responsibilities. The authority of the Committee seems to have been final, for while it was required to "keep minutes of all proceedings and report the same to the Board of Directors at the regular meetings of the Board," the formal approval of the Directors

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

was not required. The Committee had full control, "within the limitation of, and subject to, the laws of the State and By-Laws of the Company, and the rules, orders, contracts and resolutions of the Board of Directors," of the "moneys and other property of the Company, and of the purchases, loans, and risks of insurance to be made or taken by the Company." It was required to meet weekly and to hold such other meetings as might be necessary.

The minutes of the meetings of the Executive Committee are ample justification for the statement that it took its responsibilities seriously and was a hard-working body. For several years it held its meetings invariably in the evening, for the reason, no doubt, that its members were all busy men. The entries in the Company's books do not show that the members of the Committee received at the outset any compensation for their services.

PHYSICIAN-IN-CHIEF.—One of the principal tasks of the Executive Committee in the early years was to pass on all applications for insurance. While the By-Laws required that the Physician-in-Chief "endorse thereon his approval or disapproval of the risk," it would appear that the Committee referred to him only the doubtful cases. The Physician-in-Chief did not at first receive a salary, but was paid a fee of \$2.50 for each case referred to him. The medical examiners were allowed a fee of five dollars gold for each risk examined. Dr. Frey is also listed as one of the examining physicians, the others being Dr. G. L. Simmons and Dr. W. R. Cluness. The latter, who had come from Canada, in 1859, then a young and, as appears from his professional card in the

SUBSCRIPTIONS TO CAPITAL STOCK  
OF THE  
**Pacific Mutual Life Insurance Company**  
OF CALIFORNIA

| NAMES OF SUBSCRIBERS, | Number<br>of<br>Shares. | AMOUNT.  |
|-----------------------|-------------------------|----------|
| Seland Stanford       | 20                      | 2 000.00 |
| Mark Hopkins          | 20                      | 2 000.00 |
| C. Crocker            | 20                      | 2 000.00 |
| E. Crocker            | 20                      | 2 000.00 |
| W. E. Brown           | 10                      | 1 000.00 |
| Paul Morris           | 20                      | 2 000.00 |
| Wm. Hamilton          | 20                      | 2 000.00 |
| Newton Rock           | 20                      | 2 000.00 |
| L. Williams           | 10                      | 1 000.00 |
| J. N. East            | 10                      | 1 000.00 |

Office of the Pacific Mutual Life Insurance Company of California.

**\$2000**

*April 20 1868*

Five days after actual demand, for value received, I promise to pay to the order of The Pacific Mutual Life Insurance Company of California, at the office of Paul Company, in Sacramento, the sum of *Five* **Thousand** Dollars, in U. S. Gold Coin, with interest at the then legal rate from and after such demand.

*W. H. Clarke*

THE PACIFIC MUTUAL LIFE INSURANCE COMPANY

GUARANTEE NOTE GIVEN BY ONE OF THE ORIGINAL SUBSCRIBERS

54

**RECEIVED**

*Sacramento April 20, 1868.*

**Received of** *Sam'l. Carden*

*Sub. Premium \$2000 for Five Thousand Dollars*

as a part of the "Guarantee Fund" of The Pacific Mutual Life Insurance Company of California, on which he is entitled to interest at the rate of five per cent. per annum, payable semi-annually, at the Company's office in Sacramento.

*Frank W. Carden* *H. H. Hastings*

President.

RECEIPT FOR A GUARANTEE NOTE



## PROMOTION AND ORGANIZATION

Sacramento dailies at that time, a hard-working physician, afterwards became the Medical Director, which position he filled most acceptably for a long period. Incidentally, as the Committee met but once a week, it will be observed that the men in the field had opportunity to exercise their patience in the matter of securing prompt action on their business. There were evidently no "rush" cases in those days.

REASONS FOR INSURING IN THE PACIFIC MUTUAL.—The list of reasons for insuring in the Pacific Mutual, set forth in the literature put out by the Company when it began business, are worthy of notice. I have already mentioned the emphasis placed on the desirability of keeping money at home. This argument, which is as old as the principle of state's rights, stands first on the list. The other "talking points" in that day were:

That the capital stock is in gold, therefore, not subject to fluctuation;

That the rates of interest are much higher than in the eastern states, thus materially augmenting dividends on policies, the argument in more specific form being that "if you insure in some companies the premium will be invested at 5, 6 or 7 per cent per year, but in California from 1 to 1¼ per cent per month can be obtained, which necessarily increases the profits";

That California is the only state in the Union that exempts all forms of life and endowment policies from execution and the claims of creditors (exemption was limited to such amount of insurance as an annual premium of \$500 would purchase);

That all policies are non-forfeitable after payment of two years' premiums;

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

That thirty days of grace are allowed for the payment of annual premiums, with an interest charge of 1 per cent;

That the policyholder may borrow from the Company up to one-third of all premiums paid, and at 7 per cent per annum (in which connection the firm belief of the management was expressed that the annual dividends realized would be sufficient to cover the indebtedness);

That being a truly mutual company, every policyholder is entitled to vote at its annual meetings, to examine its books and to share its profits;

That in conformity with the laws of the state, "all profits earned from premiums must be divided equitably among the insured";

That in event of the policy becoming a claim by death of the insured, a post-mortem dividend will be allowed;

That a dividend once declared by the Company can never be forfeited;

That policies may be made payable in either gold or U. S. currency, as the applicant may elect to pay premiums in gold or in currency;

That policies can be obtained on the following plans, respectively: Whole Life; Limited Payment Life; Joint Life; Single Payment Life; 5, 10, 15, 20, 25, 30 or 35-year Endowment policies, with premiums payable annually to maturity, or like forms of Endowment with premiums in a single payment or in five or ten annual payments; Children's Endowment policies payable at the age of 18, 20 or 25 years; and

That policies may be made payable to relative, creditor, mortgagee, partner in business, or in favor of a business firm of which the insured is a member.



## V

### SOME FIRST THINGS



**FIRST EXECUTIVE COMMITTEE MEETING.**—The first meeting of the Executive Committee was held on March 19, 1868. Four members were present, President Stanford being the only absentee.

The meeting was evidently held in temporary quarters, and the first piece of business transacted was the securing of a suitable office for the Company. The first meeting seems to have been a very brief one, for after some discussion of this matter the Committee adjourned with the decision that its members should examine eligible locations and report at the next meeting.

**FIRST HOME OFFICE.**—The Committee convened again on March 30th, at which meeting it was ordered that office space in the D. O. Mills & Company building, on Second Street, Sacramento, be leased for one year, with the privilege of renewing for a second year, on the terms offered, namely, \$25 per month rental, the owners agreeing at expiration of the lease to purchase any "fixed and permanent improvements" that might be made, such as plate glass windows and glass partitions. Thus Nos. 37 and 39, now 1007 Second Street, became

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

the first Home Office of the Pacific Mutual. These offices, which are at present devoted to the pleasures of pool playing and imbibing root beer, have changed but little in appearance exteriorly in the sixty years that have since elapsed.

COMPANY'S SEAL.—At this second meeting it was ordered that the Company adopt as a device for its Corporate Seal, "The Anchor and Ark." The quotation is Secretary Crackbon's, but it is not known with certainty who was the author of the idea. It likely originated in the trained and creative mind of Newton Booth, who probably was the only one of the four Committee members present who had a sufficient knowledge of Latin to select as a motto "Respice Finem." An excellent motto, by the way, for a life insurance company—"Look to the End." I have heard it variously translated, and by one wag in the present field force of the Company, "See Your Finish." The seal was fabricated in San Francisco, and the lithographed stock certificates and other forms were contracted for in the same city, as facilities for such work were probably not to be found in Sacramento at that time.

FIRST BANK ACCOUNT.—At the next meeting of the Committee, April 9th, the Secretary was authorized to open the first bank account in the Company's name, with B. F. Hastings & Company. This bank, by the way, failed three years later.

FIRST APPLICATIONS FOR LOANS.—It was at this third meeting that the first applications for loans were presented, two in number—one of them from a Mr. Bruner, which was declined; the other from Dr. Frey, the Company's Physician-in-Chief. The latter was "laid over





FIRST HOME OFFICE IN SACRAMENTO  
*From photographs taken after the Company moved from  
 Sacramento. Thomas Fox, second from the right*



FIRST HOME OFFICE, AS IT NOW APPEARS  
*This space is devoted to the pleasures of billiard playing and  
 imbibing root beer*





PRESIDENT'S OFFICE  
*After Mr. Fox took it over*



CASHIER'S CORNER



THE OLD COUNTER

INTERIOR VIEWS OF THE FIRST HOME OFFICE, SHOWING  
MUCH OF THE ORIGINAL FURNITURE

## SOME FIRST THINGS

for consideration at the next meeting," presumably in order that Judge Robert C. Clark, the Company's attorney, might make proper examination of the abstract of title. This loan was for \$3,500 on improved property in Sacramento, and was approved for two years, with interest at  $1\frac{1}{8}$  per cent per month and payable monthly. Dr. Frey was apparently so elated over these terms that he immediately applied for another loan of \$8,000 for building purposes. This application was approved for \$5,000, with \$3,000 to be added as soon as the improvements were "satisfactorily completed," and even more if considered "safe and expedient."

**FIRST BOND PURCHASE.**—A very interesting transaction is recorded in the minutes of the meeting of May 2, 1868, when the Company's bankers, B. F. Hastings & Company, were directed to purchase in New York, with capital funds then on deposit with them, \$65,000 of 5 per cent, 20-year, U. S. bonds, and to deposit such in New York for the Company's account. The rate of exchange for gold employed in that purchase was 138. These bonds were reported in the New York market at that time, where currency payments prevailed, at  $1.10\frac{1}{2}$ . The purchase was made at that figure, with  $1/16$  per cent commission, gold at 138, the total cost to the company in gold being \$52,085.04. The purchase of these bonds, the first purchase of bonds made, proved a profitable investment.

**RATE OF INTEREST CHARGED.**—It would appear that the Executive Committee was not entirely consistent in the rate of interest charged on city loans, for a loan was made to one H. G. Smith in Sacramento, during this first year, at 1 per cent per month. This evidently got

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

to the ears of the Physician-in-Chief, for when the second year of Dr. Frey's loans came around, he requested a reduction of interest on his loan, to 1 per cent. The record shows that he was paying  $1\frac{1}{8}$  per cent per month on his first loan, as already noted, and  $1\frac{1}{4}$  per cent on his second loan. The good doctor's request was taken under advisement, with the result that it was declined. The vote, however, was divided, the noes preponderating. Verily, the influence of such a prominent official as the Physician-in-Chief, even in a small group, did not have sufficient weight to swing the decision in his favor.

FIRST APPLICATIONS FOR INSURANCE.—The meeting of the Committee held on Friday evening, May 15, 1868, at eight o'clock, the regular hour for meeting, was a memorable one. At this meeting the first applications for life insurance were submitted, fifteen in number, and asking for a total of \$81,500 of insurance. In this initial lot, three were conspicuous—one from President Stanford for \$10,000 on the Ten-Payment Life Plan, one from Director Daniel W. Earl, whose career we have previously noted, which was also for a Ten-Payment Life, and the third from a woman, Mrs. L. L. Jackson. This last was for \$2,000 Whole Life Insurance, and is noteworthy as it shows clearly the Company's favorable attitude from the beginning towards placing insurance on the lives of women on the same terms as enjoyed by male risks. There is no record that the Committee declined any of this first group of applicants.

POLICY NO. 1 AND ITS HISTORY.—Policy Number One was given to President Stanford. It is doubtful

## SOME FIRST THINGS

whether a policy issued by any company has had a more unique history. We give it here.

This first policy was dated May 9, 1868. Just why it antedated the approval of the application by about one week does not appear. It became fully paid up on May 9, 1878. Mr. Stanford did not use any of the dividends this policy had earned. After he had finished paying for it he seems to have dismissed it from his mind. His wife did not know of its existence.

It was in 1893, when the nation was in the throes of a great financial panic, that Mr. Stanford passed away. Rumors were current that Stanford University, then in the ninth year of its existence, could not pay its current bills and might have to close its doors. I shall let Mrs. Stanford tell the balance of the story as she related it to Dr. W. R. Cluness, at that time the Company's Medical Director, and to several other gentlemen who were present.

"Do you not know," said she, "that my husband was its first President and held Policy No. 1? I desire to relate a bit of history that may interest you. My husband passed away on June 21, 1893, and as soon thereafter as practicable, Mr. Huntington (then president of the Southern Pacific Company) was asked to let me know what he could do for me, for I required considerable money for my personal necessities and for the needs of the University, whose current expenses had not been paid for several weeks, owing to inability to procure funds—and what do you think? Mr. Huntington sent me a message to the effect that he could do nothing at the time.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

"A day or two afterwards a couple of boxes full of papers were sent me from Mr. Stanford's office. While examining them, with the assistance of my secretary, we came across what appeared to be a policy of insurance upon the life of my husband. Examining this document more closely, Miss Berner, my secretary, remarked: 'Why, this appears to be a life insurance policy.' But never having heard my husband say that he had effected insurance on his life, I remarked that it must be something else. A day or two afterwards, Mr. Wilson, my attorney, called at the office of the Pacific Mutual Life Insurance Company, and returned with a check for \$10,000, the amount of the policy."

One of the gentlemen, being familiar with the history of the transaction, reminded Mrs. Stanford that the check called for a much larger sum, the excess being for accumulations on the original amount of \$10,000. "You are right," said Mrs. Stanford. "I recollect there was a large sum paid over and above the original amount I had expected, which astonished me."

"And what do you suppose I did with the money?" she continued. "The first thing I did was to send \$1,500 to President Jordan, and that was the money that kept the doors of the University open. But for that money the doors of Leland Stanford Junior University would have been closed—perhaps forever. Who knows? We had for years been accustomed to the use of all the money required, but so great was the stringency in the money market, at that time especially, we feared that we could no longer obtain any. Just imagine my joy and the relief it was to me to receive the money, the most precious legacy that ever came to me."





(Edition of April, 1868.)

## This Policy of Insurance

Annual

Premium.

\$ 145.50

Witnesseth that THE PACIFIC MUTUAL LIFE INSURANCE COMPANY OF CALIFORNIA, in consideration of the representations made to them in the application therefor, and of the sum of *Six Hundred and Fifty Two* dollars and *Seventy* cents, lawful *Gold Coin* of the United States, first in hand paid by *June Lathrop Stanford, Wife of*

*Ieland Stanford*

the assured under this Policy, and all loans and interest made upon this Policy at any time, and of the annual payment of *Six Hundred and Fifty Five* dollars and *Seventy* cents, in like *Coin*, to be paid on or before the *Fourth* day of

*May*

in every year during the term of *Ten* years from the date of this Policy, at the office of said Company in the City of Sacramento, State of California, or to their Agents, as hereinafter provided.

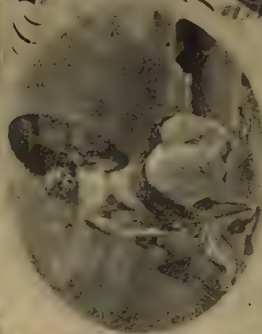
Do Insure the Life of

*Ieland Stanford*

of *Sacramento* in the County of *Sacramento* and State of *California* for the sole use of said *June L. Stanford* in the amount of *Ten Thousand* Dollars for the term of *his* natural life.

And the said Pacific Mutual Life Insurance Company do hereby promise and agree to pay the amount of the said Insurance at their office in the City of Sacramento, in lawful *Gold Coin* of the United States to the said *June L. Stanford*

THE  
PACIFIC MUTUAL  
LIFE INSURANCE COMPANY  
OF CALIFORNIA  
SACRAMENTO



Mr. J. Theodore Levy  
of the City of Sacramento  
California

for the 2<sup>nd</sup> Annual Premium on Policy No. 1000  
13<sup>th</sup> day of Sept 1871 (For amount of Mutual Payment see application, Policy)

1000  
\$1000.00  
J. Theodore Levy

FIRST FORM OF PREMIUM RECEIPT USED  
Payment was called for in gold

## SOME FIRST THINGS

Dr. David Starr Jordan, the first President of Stanford University, and incumbent at the time of Mr. Stanford's death, in a letter to Edward A. Woods, Manager for the Equitable Life Assurance Society at Pittsburgh, dated April 10, 1926, gives some additional interesting facts pertaining to this famous policy. Dr. Jordan says, in part:

"Mr. Stanford, who was in general opposed to insuring anything on the part of rich men, who could make the rest of the property do the insuring, nevertheless took Policy No. 1 of the Pacific Mutual Life, for \$10,000, to please his friends. Afterwards he seems to have forgotten it.

"At his sudden death, on June 21, 1893, the University, which was costing \$15,000 per month, found itself with no money and a month's debt to professors. More immediately serious was the fact that on the great Vina farm some \$10,000 was already due. We had no means of paying anything and the workmen threatened to burn the buildings. The farm was no longer part of the estate, and the estate was in the hands of the Probate Court. Mrs. Stanford, as sole trustee of the University at that time, was helpless. Then the Pacific Mutual notified us of this policy, which the Company paid in full. This sum was turned over to the Vina laborers, whom we had then to discharge. After a time, \$12,500 per month was allowed by the Probate Court for Mrs. Stanford's personal service. This sum she turned over to me to pay professors and assistants each year, for six years. In 1899, the sale of Southern Pacific holdings enabled Mrs. Stanford to clear up all indebtedness—\$2,000,000 personal legacies; \$2,500,000 given directly to the Uni-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

versity, and \$3,500,000 personal debts of Mr. Stanford. \$125,000 was contributed by members of the faculty for help, apparatus and books in this time.

"In my autobiography, 'The Days of a Man,' a detailed account of these six years is given. In brief, the insurance money saved the Vina property and enabled us to carry on the University without break—though under enormous difficulties from June, 1893, to March, 1899."

It will be noticed that there are one or two discrepancies between the stories as related by Mrs. Stanford and Dr. Jordan, but they agree in the chief essential that Policy No. 1, to repeat the latter's words, "enabled us to carry on the University without break."

EARLY ADVERTISING.—The Pacific Mutual, from the very outset, indulged in advertising for the purpose of securing business and used the various media common in those days. Schreiber & Howell seem to have been diligent in keeping the name of the Company before the public, and one of the first circulars gotten out by them has been reproduced on an accompanying page. The Company had not been in active business more than a month when it entered into a contract with H. S. Crocker & Co., still a leading firm of stationers and printers, for the insertion of a card in the end panel of each passenger car of the Central Pacific Railroad for \$300 per annum, payable quarterly. This particular piece of advertising must have been thought well of, for it was afterwards renewed.

Quite a large number of newspapers in the central portion of California were used for advertising, as appears from the numerous small bills entered in the min-



## SOME FIRST THINGS

utes as ordered paid. The Company has from the beginning been partial to calendars and a more or less extensive user of them. The first order for calendars, 5,000 of them, to be used throughout the State, was placed with H. S. Crocker & Co. towards the close of 1868; the price quoted was \$165.

FIRST COMPANY PAPER.—The first paper or house-organ published by the Company was "The Pacific Mutual Advocate," in 1874 and 1875, A. C. Valliant, Secretary, the Editor. He was a genial gentleman, gifted with a fine sense of humor, with which he regaled his associates. He is said to have contributed much of that vein to his paper. Not a single copy of it has been preserved, unfortunately.

FIRST DEATH CLAIM.—Among the items of interest culled from the records in the first year or two of the Company's existence, there are many others deserving of mention. The first death claim was presented, on November 13, 1868, under policy No. 287, on the life of Addison C. Hinkson. The amount was \$5,000 currency. The cause of death is not given. In this connection it is interesting to notice a couple of provisions long since discarded. The Company reserved the right to defer the payment of claims for thirty days, a right, however, that was not always exercised. The action taken on this first claim was to order it paid on receipt of complete proofs of death. The records show that the right was waived in quite a few instances. The thirty-day provision was no doubt a wise precaution in the early years, and until the young Company got well on its feet. Some of the claims were paid in gold, some in currency. This first claim was paid in the latter form,



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

as noted. It appears that the policyholder had his choice at the time of application, the form in which he paid his premiums governing. It is recorded in the minutes of one of the early meetings that the request of a certain attorney in San Francisco to have the phraseology of his policy altered so as to read that the payment be made in "legal tender money or lawful money of the United States," instead of the usual phrase, "lawful currency of the United States," was refused unless the insured should agree to pay the premiums in gold coin. This double arrangement seems to have called for frequent attention from the Company and was a more or less troublesome factor in the keeping of its books.

OTHER FIRST THINGS.—The first single premium policy was applied for on July 24, 1868, amount \$2,500. The first mention of re-insurance appears in the minutes of November 6, 1868, when the form of affidavit required by the California Mutual Life Insurance Company was approved. The Pacific Mutual's limit on one life was \$10,000. Rating up of risks began about the same date, when one Mr. Goethe, an old school principal and Lutheran pastor, who asked for a \$1,000 Life policy, was given a Ten-Year Endowment. This policyholder, by the way, was the Sunday-school teacher of Vice-President Rich J. Mier.

SELECTION OF RISKS.—From the very beginning, the Pacific Mutual exercised great care in selecting its risks. There are numerous evidences of this in the early records, and applications were not infrequently sent back by the Committee to the examining physician for one or more of a variety of amendments or corrections, or for the reexamining of the applicant in certain particulars.

## CHARLES DICKENS

SAYS:

No matter what may be the object of your solicitude—BE INSURED. Whether you are thinking of the safety of your life by land, or by railway, or by sea, or of the unbroken condition of your arms and legs, or of the maintenance of general health, or of comfort and competence in your old age, or of the interests of wife and children when you may be no more, or of a provision for your boy, when he reaches mature age, or of the happy marriage and the wedding portion of your little daughter, one day to be, you hope, a blushing bride, now a tiny, prattling fairy of two or three years old—never mind the object—BE INSURED.

# PACIFIC MUTUAL

## LIFE INS. COMPANY OF CALIFORNIA.

Principal Office, 37 & 39 Second Street, Sacramento.

LELAND STANFORD, President.

H. F. HASTINGS, Vice President.

JOSEPH CRACKBON, Secretary.

J. M. FREY, M. D., Physician-in-Chief.

### DIRECTORS.

|                                            |                                               |
|--------------------------------------------|-----------------------------------------------|
| LELAND STANFORD..... President C. P. R. R. | EDGAR MILLS..... Banker.                      |
| ROBERT WATT..... State Comptroller.        | CHAS. CROCKER..... Superintendent C. P. R. R. |
| LEONARD GOSS..... Sacramento Iron Works.   | JAMES CAROLAN..... Merchant.                  |
| SAMUEL LAVENSON..... Merchant.             | B. T. HASTINGS..... Banker.                   |
| F. H. RUSSELL..... Merchant.               | NEWTON BOOTH..... Merchant.                   |
| H. F. HASTINGS..... Banker.                | D. W. EARL..... Forwarding Merchant.          |
| J. H. CARROLL..... Merchant.               | E. B. KENYON..... Capitalist.                 |
| ROBERT HAMILTON..... Merchant.             |                                               |

### SCHREIBER & HOWELL, General Agents.

### BUSINESS OF FIRST YEAR.

From May 8, 1868, to May 9, 1869.

|                                                 |                                     |
|-------------------------------------------------|-------------------------------------|
| Number of Policies Issued.....911               | Total Income, over.....\$200,000 00 |
| Amount Insurance Effectuated.....\$3,000,000 00 | Total Assets.....650,000 00         |
| Ratio of Expense.....29.32.                     |                                     |

ALL POLICIES NON-FORFEITABLE, and exempt from Execution by Statutes of California. THIRTY DAYS' GRACE given on Annual Payments. One Third Loan given when desired.

General Agent for Nevada, Idaho and Dakota, J. A. BRUMSEY, Virginia, Nevada.

General Agents for Oregon and the Upper Coast, STOVALL & ROBB, Portland, Oregon.

General Agent for Utah, G. B. RAYBOLD, Salt Lake.

Managers Northwestern Department, HOWELL, BURNETT & TROTTER, 90 La Salle St., Chicago.

ONE OF THE EARLIEST CIRCULARS USED FOR  
ADVERTISING PURPOSES

*Steno* Sacramento June 20<sup>th</sup> 1868

*Two Years* After date, for value received, I promise to pay, to the order of **The Pacific Mutual Life Insurance Company of California,** at the office of said Company, in Sacramento, the sum of *Two* *Hundred* Dollars and *00* Cents, with interest thereon at the rate of *One* per cent. per *Month* from date till paid, said interest to be paid monthly, and both principal and interest to be paid in Gold Coin. And as I have this day conveyed to said Company certain real estate to secure the payment of this note, I hereby covenant and agree to pay all taxes and assessments which may be levied or assessed upon said property, and all liens which may attach to the same, and in default thereof, that said Company may pay the same and have a lien upon said property therefor, and should default be made in the payment of this note when due, or in the payment of the taxes, liens or assessments thereon, and suit should be brought to enforce such payment, then there shall be included in any judgment the plaintiff may recover a reasonable attorney's fee, not exceeding *five* per cent. upon the amount recovered, the whole judgment so recovered to be for Gold Coin.

*Endorsement*

*Daniel L Gray*

EARLIEST FORM OF MORTGAGE NOTE  
(This note covered loan No. 14)



THE COMPANY'S ORIGINAL AND ONLY SEAL

## SOME FIRST THINGS

At a time when smallpox was prevalent, vaccination of all applicants or the evidence of recent vaccination was required. In not a few policies the proviso was inserted that if the insured should die from the effects of the excessive use of ardent spirits the policy should thereupon become null and void. The Committee seems to have exacted this provision whenever in its judgment it was thought advisable.

There are several entries in the first couple of years that bring to light the requirement that policyholders should secure a permit from the Company if they wished to travel or reside outside of the United States. One Frederick O. Palmer "and his friend," each insured for \$5,000, requested that they might be allowed to reside in the city of Zacatecas, Mexico. The permit was granted that they might do so, or elsewhere in Mexico "wherever duty or inclination may call them," upon the payment of an extra premium of five dollars per annum for each \$1,000 of insurance. Permits were granted to the stewards of the Pacific Mail Steamship Company, on the "Japan" and the "Montana," respectively, to make voyages on these ships to China, Japan and Panama, without payment of extra premiums.

FEES AND TAXES.—The first bill for fees from the insurance commissioner was presented at the meeting of the Executive Committee on April 2, 1869, and ordered paid. It was for \$70. The department had just been created the preceding year. George Washington Moore, formerly a partner of Vice-President Carroll, was the first commissioner for California and was appointed by Governor Haight, an appointment that seems to have met with general approval. The first taxes paid by the



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

Company were in the form of 1 per cent tax on premiums collected in Nevada for the eleven months, June 1, 1868, to May 1, 1869. The amount of the tax was \$162. The Company at no time in its history since that date has been free from this form of taxation.

FIRST STOCK DIVIDEND.—The first dividend on the Company's capital stock of 1 per cent per month for the six months ending June 30, 1869, also a commission of 2½ per cent for the six months on the stockholders' guarantee notes, were declared and ordered paid on July 20th, following. The next year, the minutes of March 25th show the payment, apparently under protest, of a 5 per cent income tax to the United States on these dividends.

During the first few years the Company had a small number of employes, their salaries were modest, and the total amount of the monthly payroll quite insignificant. As late as August, 1871, there were but six drawing salary. They, and their stipends, were: J. Crackbon, Secretary, \$250; A. G. Valliant, Assistant Secretary, \$150; Myron P. Walker, Clerk, \$50; Wm. Dupree, Janitor, \$30; J. M. Frey, Physician-in-Chief, \$50 (apparently in lieu of fees, which he first received); Robert C. Clark, Counsellor-at-Law, \$50—total \$580. The members of the Executive Committee received their first compensation June 25, 1869, at the rate of \$10 for attendance at each meeting, when Vice-President Hastings drew down \$120; Leonard Goss, \$100; J. H. Carroll, \$100, and Edgar Mills, \$40. The last named had taken the place of Newton Booth on the Committee, and succeeded H. F. Hastings as Vice-President. In December, 1870, Robert Hamilton's name appears in the place of Leonard Goss.

## SOME FIRST THINGS

PLANS OF INSURANCE ASKED FOR.—Each week during the first two years, applications for insurance totaling from a few thousand dollars up were examined and passed on by the Executive Committee. The week ending September 10, 1869, seems to have been a record-breaker, with a total of \$395,000 insurance applied for. It is interesting to observe that while a variety of plans of insurance was asked for, the Twenty-Payment Life Policy, so popular in later years, seldom appears. There were many applications for Whole Life policies, and frequently Endowments; particularly the short-term policies, predominated. The Ten-Year Endowment seemed to be the favorite. When a limited-payment life policy was applied for, it was more often the Ten-Payment Life than any of the other forms. The earning power of the Company, which was duly emphasized by the agents, probably explains why the investment feature and the return of a tidy sum for the insured himself to enjoy, both of which the endowments offered, appealed to the buyers of insurance in those days. The thirst for gold still ran strong in the blood of the pioneers.

HORACE GREELEY APPLIES.—One entry of more than passing interest appears in the minutes of June 18, 1869, when the proposal to place \$5,000 each on Horace Greeley and M. M. Pomeroy of New York was submitted by an agent for another company who resided in that city. As the Company had not yet entered New York State, these applications could not be entertained. The author of the famous admonition, "Go West, young man, go West," was consistent in seeking insurance from a company located on the western rim of the continent.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

A part of the proposal was that the premiums on this insurance should be paid in part by advertising in Mr. Greeley's *Thunderer*, the *New York Tribune*, and other journals in that locality.



## VI

### EARLY AGENCY ACTIVITIES



**TERRITORY OCCUPIED.**—As already stated, Schreiber & Howell, from the outset, had full charge of all field operations, and upon them devolved the work of securing men and the opening up of new territory. As early as 1870, the Company was doing business in California, Nevada, Idaho, the Dakotas (then one state), Utah, Oregon and “the Upper Coast,” and had established an office in Chicago for the “Managers’ Northwestern Department.”

**FIRST SOLICITING AGENTS.**—The first reference to soliciting agents is an item in the minutes of the Executive Committee’s meeting of October 10, 1868, which recites the approval by the Committee of a number of agents appointed by Schreiber & Howell. There are forty-nine names in the list, quite a goodly array of field talent to be acquired before the Company had been in active operation six months. All of these men, as far as I am able to determine, are now deceased. The last of whom I have been able to find any trace was Felix Coblenz of San Francisco, who passed away in quite recent years.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

ALLOWANCES AND ADVANCES.—It would seem that Schreiber & Howell were not at all backward in asking for liberal allowances to cover the expenses of travel, the fees and licenses required by the states entered, and such advertising and printing as were necessary. The allowances were granted, but the officers at the outset seem to have been in doubt as to the success that might be realized from the planting of agencies at outside and distant points. These words are from the minute that records the authorization to Mr. Schreiber, who did the traveling, to draw on the Company for not to exceed \$1,000 gold for his first trip, "using his best judgment and exercising due economy in his expenditures until such time as the result of the *experiment* may be fully established."

When the Company had been doing business about two years, its General Agents asked for an advance of \$20,000, to be secured by their renewals, and paid back in three years, this money to be used in extending and developing the Company's business. This request was granted and a formal agreement entered into, drawn by Judge Clark, the Company's attorney, which called for the payment of interest on this advance at the rate of 1 per cent per month. In less than a month they asked for an additional \$10,000 on the same terms. This was taken under advisement and it does not appear that they obtained this additional amount. A little later a proposed increase of \$1,200 per annum in their expenditures for printing and advertising was also laid over for further consideration. In December, 1871, however, they made an appeal for a loan of \$25,000, for four years at 10 per cent per annum, subject to the assignment of



## EARLY AGENCY ACTIVITIES

their renewals from the date of their contract, February 28, 1868, and they secured this amount on these terms.

**PURCHASE OF SCHREIBER & HOWELL CONTRACT.**—These advances were no doubt later justified by the success of Schreiber & Howell, for when, in the summer of 1874, they asked for a new contract and the termination of their first contract by the purchase from them by the Company of their renewal and other interests in the business, they valued their business at \$170,500. This figure included \$95,000 for renewals on business to December 31, 1872; commissions due on paid-up policies, \$16,500; furniture and fixtures, \$3,000; organization of agencies, \$25,000. Before the year closed, "after mature deliberation the purchase was concluded upon terms as agreed upon and confirmed by the Board, viz., \$90,000; endowment policies for \$5,000 each to Messrs. Schreiber and Howell, payable in five years. The sum of \$90,000 to be paid in installments, beginning January 1st, without interest."

**SERVICES OF ELIZUR WRIGHT.**—The Company was glad to terminate this first agency contract because it had become a financial burden, due largely to the liberal overriding commission allowed on all business produced. It is interesting to note in this connection that the services of Elizur Wright, the famous actuary at Boston, and first insurance commissioner for Massachusetts (1858 to 1866), were enlisted to evaluate Schreiber & Howell's renewals. He placed a value on them, on business up to December 31, 1872, of \$70,000, gold.

**NEW STATES ENTERED.**—During these years of their service, Schreiber & Howell pushed the development of the Company's business with much vigor. By the close

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

of 1874, the Pacific Mutual had, in addition to the territory mentioned in the opening paragraph of this chapter, established general agencies in New York, Ohio, Kentucky, Texas, Nebraska and Colorado. J. Henry Applegate, Jr., was the Company's first General Agent in New York; Isaac Ranney was given the modest territory embracing the states of Ohio, Indiana and Kentucky; and late in the fall of 1874, Schreiber & Howell were busy opening up Texas, Nebraska and Colorado. Business began to come in from distant agencies quite early. Of the twenty-eight applications for insurance submitted to the Executive Committee, on August 27, 1869, four were received through the Company's Chicago Agency. By the end of 1874, as shown by the annual report for that year, the total insurance in force was \$6,608,861, a very creditable amount as representing the results of less than seven years' effort of a new Company in that early period.

VENTURES IN MEXICO.—The Company was still in its young and tender years when it began to turn its eyes to far-distant fields. The record informs us that in January, 1873, at the suggestion of Schreiber & Howell to establish agencies in the Republic of Mexico, the Executive Committee authorized them to appoint F. H. McCormick and C. A. Burr as General Agents for the City of Mexico and vicinity. The Committee also recommended the adoption of tables of rates for the full return premium life plan, prepared by Elizur Wright, for use in that field. McCormick & Burr were both experienced underwriters. The former had been district agent for the Pacific Mutual at Stockton, California, and later cashier and accountant for Schreiber & Howell.

## EARLY AGENCY ACTIVITIES

Mr. Burr was previously agent for the old Knickerbocker Life Insurance Company at New York. After this Mexico venture he served for some time as claim adjuster and inspector of loans.

These new appointees had to reach their field by a circuitous route, via New York, Havana, and Vera Cruz, the seaport of Mexico City. This attempt to do business on foreign soil does not seem to have secured the expected success. After several months of effort, the expedition returned to its home base. One agency appointment, Frederick O. Palmer as agent for Zaca-tecas, and a few applications secured by him, were the sum total of McCormick & Burr's success.

AGENCY IN HAWAII.—The only other foreign venture the Company indulged in quite early in its career is set forth in a resolution unanimously adopted, on November 3, 1877, to the effect that because "the report of Medical Director Cluness, relative to the safety and expediency of securing business in the Sandwich Islands among the foreign residents thereof, is highly favorable," Dr. George A. Moore, then Managing Director and later President of the Company, "be and he is hereby directed to arrange with Jeffries & Crawford (agents at San Francisco) to visit said Islands with a view to securing business for the Company among the foreign residents thereof." The Pacific Mutual has continued in the Islands ever since, where it has done a satisfactory business. In later years, the Company established an agency in China and made a gesture to the same end in Alaska, which will be noticed in a subsequent chapter.

The new contract with Schreiber & Howell was made in September, 1874. They seem to have accomplished

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

but little under it. The reasons that can be advanced for this are only conjectures. The acquisition of a large sum of money from the sale of their business to the Company, seems to have removed the stimulus to effort that grows out of necessity, which was to be expected. Instead of pushing for business, they began to incubate new and fanciful plans, for early in 1875 the Trust Fund Insurance Association was hatched from the fertile brain of Simon Schreiber.

TRUST FUND INSURANCE ASSOCIATION.—Mr. Schreiber, who was a diligent student of life insurance and familiar with the views of men eminent in the business, conceived the idea of separating the life and endowment elements of premiums paid for insurance, and depositing the endowment element in banks, which with the interest accumulated, would at the death of the insured be paid to the beneficiary, in addition to the life insurance. The Pacific Mutual could not carry out such a plan, hence Mr. Schreiber created for that purpose an independent concern, known as the Trust Fund Insurance Association, making himself president, Josiah Howell, vice-president, and Myron P. Walker, who was one of the clerks in their office, the secretary. The premiums on the business turned in by their solicitors were divided as indicated, the pure life element turned over to the Pacific Mutual, which carried the risk, and the endowment element placed on deposit with the Western Savings and Trust Company of San Francisco, organized primarily for the purpose of receiving such deposits. This division of premiums, it should be noted, was not made until the second premium was paid on the insurance, the Association, which was virtually Schreiber &



## EARLY AGENCY ACTIVITIES

Howell, retaining the full first premium, the source of their profits.

It was not long before the Western Savings and Trust Company fell on evil days and was disrupted with considerable loss to the depositors. Schreiber & Howell, however, were not responsible for this failure. There were others in authority who showed but little regard for, or interest in, the Trust Company. The Association had other depositories, none of which failed.

It is significant, as the records show, that all of the business received by the Pacific Mutual for quite a period at this time was on the whole life plan only. The Company severed its connection with the Association before the year closed and the Association entered into a contract with a New York company. This virtually terminated Schreiber & Howell's connection with the Pacific Mutual, which began with the Company and had continued till the close of 1875.

MUTUAL INVESTMENT POLICY.—Schreiber & Howell were not the only ones who evolved wonderful plans to augment the Company's business, which seemed difficult to obtain in large amounts through the then established channels. Actuary Kennedy had a vision out of which was born the long famous Mutual Investment Policy. This policy promised, through its surplus earnings, liberal additions to its surrender values, which made it an attractive policy and one that proved popular with both the agents and the purchasers of insurance, with the result that through a long period of years the Company sold many Mutual Investment Contracts, but with little or no profit to itself. The compiler of this history, in the field for another company when this policy was still



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

being issued, well remembers how troublesome it was to deal with in competition. Without doubt, the Mutual Investment Policy added very materially to the Company's volume of business over the accessions it would have been able to secure without it. The policy was first put out about the middle of the year 1875, and was not withdrawn until 1907.

VICE-PRESIDENT CARROLL IN THE FIELD.—After the retirement of Schreiber & Howell, J. H. Carroll, who it would appear had succeeded Edgar Mills as Vice-President of the Company, late in 1874, and was the third to hold that office, and who was a capable and energetic executive, took charge of field operations and did some traveling. To him belongs the credit of establishing the Pacific Mutual in Pennsylvania, where he negotiated a contract with W. P. Adams for that state. The report of his trip, given to the Executive Committee, contains the further information that he had reorganized the Company's business in the states of Nebraska, Illinois, Ohio, Missouri, New York, Wisconsin and Colorado.

ADVENT OF DR. GEORGE A. MOORE.—Vice-President Carroll seems to have continued to direct agency activities for a year or two, and until the coming of Dr. Moore, in 1876. The chain of events that led up to his advent is of more than usual interest. It may be truthfully said to have begun in a grasshopper plague in Kansas. Indeed, Dr. Moore was later referred to by his enemies—he had some of these—as “that Kansas grasshopper.” The grasshopper plague was one of great severity and the main contributing cause of desperate financial conditions in that part of the Middle West. The Alliance Mutual Life Assurance Society of the

## EARLY AGENCY ACTIVITIES

United States, with head office at Leavenworth, Kansas, because of these conditions found itself in dire straits. Dr. Moore was the vice-president of that company and had charge of its agencies. He resigned and came to California. He was first engaged by the Pacific Mutual to develop its business still further in Stockton, where F. H. McCormick had been operating, by organizing a Board or Branch Office for the Company. That was in March, 1876. The plan, in brief, was to enroll a number of prominent men who would each agree to furnish \$10,000 of insurance, in return for which the Company would allow a commission interest in business secured through their assistance, and would pledge itself to loan certain sums of money in the district on first mortgages. The Doctor succeeded in signing up some fifteen representative citizens, which would have netted him \$1,500 in commissions, but the *Coast Review* of San Francisco, for reasons no doubt good and sufficient to itself, began an attack on the Pacific Mutual. (It later became a staunch friend of the Company.) This caused the fifteen signatories to refuse to proceed further and this promising scheme fell through. Dr. Moore was then invited by President Carroll to go to Sacramento and make an examination of the Company, which he did. He was then offered, and accepted, the position of Managing Director, at a monthly salary of \$250.

ALLIANCE MUTUAL REINSURED.—Soon after Dr. Moore made this connection, and through his influence, the business of the Alliance Mutual of Kansas, small in amount but well-selected, was taken over by the Pacific Mutual. With it came Jasper N. Patton, Secretary of the Alliance, and afterwards (1882) appointed to the

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

same office in the Pacific Mutual; also Colonel H. D. Mackay, President of the former company. The latter negotiated the transfer of the business of the Alliance and was afterwards retained by the Pacific Mutual on salary to build up its business in several states in the Middle West, and including the territories of Colorado and Wyoming.

It is worthy of note that Dr. Moore was one of the very few insurance executives of his time that began their career in the field. His first connection as a soliciting agent was in New York City, with the Equitable Life Assurance Society. He had a thorough understanding of the insurance business and had demonstrated his ability as an underwriter and a field manager. His far-sightedness, one of his predominant qualities, appears in the provision he had inserted in his contract as Superintendent of Agencies to the effect that should he at any time become an officer of the Company, his rights and compensation as set forth in his contract should not be impaired. The contract was a liberal one for that time. In addition to his salary, \$3,000 a year, he was to receive 3 per cent of all premium receipts in excess of \$250,000 annually, all payments under contract to be made in "gold coin of the United States." Quite large items that appear in the expense account of the Company from time to time in subsequent years make it appear that the contract was quite profitable to the Doctor. The copy of the contract still in our archives shows the date, August 5, 1876. It continued in force exactly four years, terminating on the same date, in 1880, when Dr. Moore's salary as President, \$5,000 a year, began. During the

## EARLY AGENCY ACTIVITIES

twenty-five years he held that office it did not advance beyond this original figure more than 50 per cent.

CREATION OF LOCAL BOARDS.—Dr. Moore seems to have used the local board plan to develop business at several points, both in and out of the state. These boards brought no small amount of insurance to the Company, but a lot of trouble as well, due in part to the absence of the necessary machinery to maintain the integrity and secure the proper functioning of the boards themselves. The local board in San Francisco, which numbered forty-five members, including such outstanding citizens as the Spreckels, was quite out of the ordinary, and tied into the Company a desirable group of men under the title, "Trustees of the San Francisco Department."

AGENCY IN SAN FRANCISCO.—The general agency in San Francisco was organized early in 1876. Two applicants bid for the agency, whose respective propositions were identical—Kreshel & Moore, and Jeffries & Crawford. The appointment fell to the latter partnership, and Jeffries & Crawford became the first general agents for the Company in California's metropolis. Colonel Jeffries was an outstanding figure both physically and mentally, six feet three or four inches in height, broad shouldered and well set up, with mustache and goatee, then so much in vogue, hair quite gray, immaculately attired in a dark double-breasted coat and silk hat, and never without his gold-headed cane. Robert Crawford, on the other hand, was small in stature and full-bearded. A suave, quiet worker, he contrasted strongly with his big, vigorous, full-voiced partner. The Colonel carried himself with military dignity and no doubt merited his



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

title. These two men were successful as general agents, and carried on the agency for several years.

GENERAL AGENCY AT LOS ANGELES.—In March, 1877, the Company extended its operations into Southern California, then of small population, and established a general agency in Los Angeles, appointing A. Sidney Smith to take charge of the southern end of the state. Los Angeles, at that time, had a population of about 10,000. How well General Agent Smith succeeded may be inferred from the brief entry in the minutes of the Executive Committee's meeting of November 8, 1878, to the effect that A. Sidney Smith be removed as general agent and a demand be made on his bondsmen for the balance of \$2,228.16 due on his accounts. No doubt this was not regarded by the Company as a propitious beginning in what was then regarded as the desert end of the state.

THE HILDIS E BUND.—One organization that brought quite a little business to the Pacific Mutual, in the early period, was an association of citizens of German birth residing in San Francisco known as the "Aid Union," the "Hildise Bund," in German. This is a contraction for "helf dier selbst," which literally translated is "help yourself." The members contributed monthly dues according to age, and created a fund out of which premiums on policies on the individual members were paid to the Pacific Mutual. The Aid Union was very energetic for quite a period in securing applications.

HARRISON BARTO.—It is worthy of note that among the applicants who came to the Company through the Aid Union was Harrison Barto, at that time a member of the firm of Spalding & Co., who for many years did



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much of the Company's printing under Mr. Barto's able direction. Mr. Barto was an expert in his line, a staunch friend of the Pacific Mutual, and gave valuable assistance to the Company in the printing of its forms for quite a number of years. It was Mr. Barto who originated the style of rate book the Company used for many years. He was built on a generous plan, had latterly a decidedly religious bent, and acted the Good Samaritan to people who were unfortunate and needed his warm-hearted assistance. After he retired from the printing business (1886), he represented the Company in San Francisco, and wrote life and accident insurance during the balance of his working days, passing away early in 1924. His sterling qualities will always be remembered by those who knew him.

COLONEL COVALT.—Another representative in that early day deserving of mention here is Colonel A. B. Covalt who, in 1877, became general agent for what was then called the Oregon Department, which included the two northern coast states, with headquarters in Portland. He served successfully for several years, did business for a time in Fresno, and lived to celebrate the one hundredth anniversary of his birth, passing away less than two months later, on May 31, 1927.

GENERAL M. H. SHERMAN.—A minute entered on December 10, 1879, recites that one M. H. Sherman, of Prescott, Arizona, was appointed agent for that state. This was General M. H. Sherman, now capitalist and the president of the Los Angeles Steamship Company, and a leading citizen of Los Angeles. Associated with E. P. Clark, also of Los Angeles, he built the first interurban electric railway running out of Los Angeles, about thirty

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years ago, perhaps his greatest single contribution to the development of this section of California. He is still a staunch friend of the Pacific Mutual and tells me he is very proud of his early connection with the Company.

**MEDICAL EXAMINERS' FEES.**—In addition to what we have thus far related relative to early field activities, there are a good many brief items in the records that bring to light other actions of the Company that are illuminating. While the Company elected at the outset to pay its medical examiners a fee of five dollars gold for each examination, the fee for examiners in the eastern states was fixed by resolution of the Executive Committee at three dollars currency. Just why this discrepancy, we are left to conjecture. It may have been the difference in cost of living between the East and West in those days; certainly not the ability of the examiners, or the quality of the service given.

**CHINESE RISKS.**—As was to be expected, in view of the large number of Chinese residents in San Francisco during the period under consideration, the Pacific Mutual received applications for insurance from Chinamen. In the minutes of June 11, 1875, it is recorded that the applications of Hung Hi Chung, Lung Yuen, Leow Luey, Harh Key and R. H. Poy, laid over from the week previous, were declined, and that it was resolved that in the future no more applications from Chinamen would be accepted. The Committee, however, did not adhere to this decision, for two years later the approval of Lum Sing Sing, of San Francisco, for \$10,000 Ten-Year Endowment insurance was made a matter of special record. The Committee took the precaution to protect itself against being obliged to indulge in further depar-

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tures from its rule by adding to the minute that it was to be understood that accepting Lum Sing Sing did not establish a precedent. But the Company subsequently abandoned this ruling and accepted many Chinese, both in California and in the Hawaiian Islands, on short-term endowments. As a rule, business and professional men only were accepted. This business has been satisfactory and profitable.

EARLY COMMISSIONS PAID.—The commission schedule established in the early years is interesting, particularly when contrasted with the compensation to agents since allowed by the Pacific Mutual and other companies, and the commissions that are now being paid. The first entry in the minutes of a table of commissions was made in February, 1874. The rate of commissions to the general agents on annual premium policies was 40 per cent graded down to 25 per cent, and 20 per cent on Single Premium Life Policies. This last was exceedingly liberal. A  $2\frac{1}{2}$  per cent collection fee was allowed. An entry a few months later shows that the renewal commissions paid ran from  $7\frac{1}{2}$  per cent for a specified period of years, down to  $2\frac{1}{2}$  per cent. However, when the Company entered New York a little later that same year, it secured its business for a 30 per cent graded commission to its general agent. Soliciting agents, of course, had to accept a less commission. The cost of living on the Coast was high in those days. Yet the agents managed to live, and no doubt some of them saved money. What commissions the Company paid prior to 1874, I am not able to ascertain.







## VII

### TO END OF THE SACRAMENTO PERIOD, 1881



ALL that has been recorded in this history thus far transpired while the Pacific Mutual was domiciled in Sacramento. There are other occurrences that belong to the Sacramento period, which ended in 1881, that should be mentioned, and which I shall undertake to cover in this chapter.

INTEREST RATES.—Mention has already been made of the first mortgage loans and of the high rates of interest obtained, ranging up to  $1\frac{1}{2}$  per cent per month. These were not considered usurious and were the prevailing rates of interest charged in California at that time. The Company seems to have favored a little, in this respect, borrowers on improved city properties as against farm loans, the extreme rates as a rule being charged for the latter. The average rate of interest earned on its invested funds for a good many years fluctuated between 10 and 12 per cent.

NATOMA VINEYARD LOAN.—Two or three of the early loans made by the Company are of particular interest. One is what is known as the Natoma Vineyard

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Loan, which was made in 1870. B. N. Bugby asked the Company for \$15,000 for three years, on 473 acres of land planted to grapes at Folsom, and otherwise improved with buildings, wine cellars, etc., the interest to be  $1\frac{1}{4}$  per cent per month. He later requested an additional \$2,000 at the same rate. The Committee approved the loan for the original amount, demurred on the additional \$2,000 at first, but later acceded. This property finally came to the Company through foreclosure, and the Company spent many years in disposing of it, and then at a considerable loss. Among the Company assets acquired through this foreclosure is listed, "3,494 $\frac{1}{2}$  gallons grape brandy, \$3,494.25"; also "6,600 gallons wine stored in the Company's fire-proof stone vault on vineyard, 20 cts. per gal., \$1,320." It is interesting to observe that besides brandy and wine, quite a motley collection of assets came into the Company's possession through foreclosures during the first decade or so, such as barley, wheat, flour, hay and Tokay grapes. These, in addition to the descriptions of the properties as given in the records, are sufficient proof that a large percentage of the Company's early loans were on farm lands. We mention this Natoma Vineyard loan partly because it was on this property Herbert E. Brown, long connected with the Company and now, as he has been for a good many years, Assistant Treasurer and Superintendent of the Policy Loan Department, first saw the light of day. His father was superintendent of the Natoma Vineyard. Another observation that might be made here, presumably in nowise connected with Mr. Brown, is that Mr. Bugby, the owner of the vineyard, was the pioneer producer of the famous California "sparkling

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wines." In the early seventies, there was a popular musical number known as "Bugby's Champagne Gallop," which was freely printed and circulated as an advertisement.

ANDRUS ISLAND LOAN.—Another loan, made the same year on forty acres of land on Andrus Island in the delta country, is of interest because of the subsequent great development that took place in those exceedingly fertile and now valuable marsh lands. A small loan on this property, only \$1,200, was made to Josiah Poole, at  $1\frac{1}{4}$  per cent per month, but was materially increased later. This land was submerged by repeated floods, brought the Company a good deal of trouble, and finally came back on its hands. It was held for several years and disposed of, in 1878, at \$75 per acre. To protect the island, the Company built a dredger which it christened "George A. Moore," and operated it for several years. There are among the expense items on the books, during this period, scores that pertain to this dredger, some of them quite large. Fruit trees, totaling many thousands, were from time to time set out on Andrus Island.

SILSBY LOAN.—Also in 1870, W. H. Silsby applied for \$6,000, at  $1\frac{1}{2}$  per cent per month, on 320 acres of land in Butte County, near Chico. The Committee hesitated at first, decreased the amount to \$5,000, then later approved the loan for the amount asked. This property is now probably worth in the neighborhood of \$350,000, but the judgment of the Committee at that time was likely good.

ATTITUDE TO LOS ANGELES LOANS.—A loan applied for, near the close of 1879, and one which interests the present management of the Company, came through an

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agent at Los Angeles, who asked for \$10,000 on property in Los Angeles County. The brief minute is significant as expressing the feeling as to the security of loans in this vicinity at that time—"the Committee declined to loan in that county." The fact that Los Angeles County has now a much greater assessed value than any county in California adds emphasis to the great development and increase of values that have taken place in less than fifty years.

SERVICES OF ELIZUR WRIGHT AND SON.—From the many other very interesting entries in the minute books while the Company was at Sacramento, we can select for notice here only a limited number of them. The services of Elizur Wright of Boston were sought for other purposes than those given in a previous chapter. When the Pacific Mutual came to the point where it felt it should begin to allot dividends to its policyholders, it invoked the counsel of Mr. Wright and invited him out to California. That was in the spring of 1871. Mr. Wright declined the invitation, because of illness in his family, but sent his son, W. C. Wright, in his place. He made a careful study of the Company's affairs and advised that any distribution of surplus be deferred till 1873. In February, of this latter year, a report was received from the senior Wright with the figures tabulated for a distribution of surplus to policyholders of 1868, 1869 and 1870, based on the amount on hand at the close of 1871.

ACTUARY KENNEDY.—It appears that the Company did not have an actuary in its regular employ until some time in 1873, when Benjamin D. Kennedy, a man of culture, technical knowledge and gentility, was brought



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out from Louisville, Kentucky, to fill that office. Up to that time, Simon Schreiber seems to have done most of the actuarial work, a fact which brings to light another capability of that versatile man, and reflects favorably upon his technical knowledge of life insurance.

Actuary Kennedy served the Company some twelve years. He was the proud possessor of the only calculating machine in the West, an "arithmometer of Sir Thomas de Colmar." This big brass machine was a seven days' wonder at that time, and it could accomplish astonishing feats when manipulated by Mr. Kennedy's skilful hands, performing the four arithmetical operations with great precision. Its wizardry brought many visitors to his office. It may, however, be said to have possessed a rather delicate constitution, as it had to make frequent trips to San Francisco, where an expert watch-maker restored it to health. Mr. Kennedy also inaugurated a card system for individual policy accounts, the first in the West.

NON-PARTICIPATING BUSINESS.—As early as the spring of 1871, we find Schreiber & Howell recommending the Committee to adopt the non-participating plan of life insurance, but the matter was referred to the Board of Directors, and no record exists that shows the action taken. It can be said, however, that the Company was in the non-participating field by 1874, as the schedule of commissions to agents allowed on these policies was approved by the Committee at the beginning of that year.

INSPECTION OF RISKS.—It seems that the Company first began to inspect its risks in June, 1874, when it employed C. A. Burr, whom we have previously men-



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tioned, for \$150 per month and traveling expenses, to examine proposed risks for insurance. By 1877, we infer from the record in January of that year, the Executive Committee passed on only such applications as were referred to it by the Medical Director. It is evident that the title, Physician-in-Chief, had been abandoned some years before that date, and that the Company had a regular Medical Director. At the meeting on January 12th, the chairman stated that a policy register had been opened and would be available each week for the inspection of the Committee, thus making it necessary for the members to read only such applications as were referred.

**POLICY LOANS.**—The Pacific Mutual, in those first years, must have issued some very short term endowments, for we read that an Endowment Policy for \$1,000, the first to mature, was ordered paid to its holder, a Miss J. A. McCormick, by action of the Executive Committee, on November 6, 1873. The Company also began early to make loans on its policies as collateral, but at high rates of interest. B. B. Brewer got his loan at "1 per cent per month, payable in advance." The Company sometimes dealt quite summarily with its policyholders, but always within its rights, as appears in the case of one Gashwiler. He had borrowed \$231.30 on his policy for three months, interest 1 per cent per month, principal and interest payable in gold coin. He failed to pay the note at maturity and the policy, by resolution of the Executive Committee, was declared null and void and ordered canceled forthwith.

**LOANS TO DIRECTORS.**—But the Company did not have as strict rules then as to loaning its money as it does now, that is, in some particulars. The directors were so

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accommodated, at least occasionally. In 1871, J. H. Carroll secured a collateral loan of \$4,000 at 1 per cent monthly, and among the securities he put up were ten shares of Pacific Mutual stock. While such practice was considered proper at that time and does not at all reflect unfavorably on the integrity of the directors, it has long been a hard and fast rule of the management to make no mortgage or collateral loans to any of its directors, or to anyone else on the Company's own stock as security. The law now forbids such loans.

APPOINTMENT OF INSURANCE COMMISSIONER.—In the minutes of March 4, 1872, this interesting item appears: "The matter of the appointment of an insurance commissioner for this state for the next year was next considered and motion was carried to instruct the Secretary, now absent in San Francisco, to cast the vote of this Company, at the convention held this day by the various insurance companies of the state assembled in San Francisco, for Mr. J. W. P. Ford." This speaks for itself as to how the insurance commissioner was appointed in those days. The Company telegraphed its instructions accordingly down to Secretary Crackbon, who presumably represented the Pacific Mutual at the convention.

SLOW BUSINESS OPERATIONS.—Business operations were quite slow in their performance in many respects. There were, excepting the Colmar arithmometer, no time-saving devices such as are now in common use. All records and correspondence were written in longhand. Mails were slow, and not always certain in the then "wild and woolly West." In transferring \$65,000 of bonds to New York for deposit in that city, in 1869, pre-

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caution was taken to prevent loss by transmitting them by registered mail under seal of a notary public, in amounts of \$10,000 in each letter, the letters being mailed at intervals of three days until the whole amount was forwarded.

HOME OFFICE MOVES ONE DOOR.—While the first offices of the Pacific Mutual were at 37-39 Second Street, it was not long until a change was considered desirable, and the Home Office was moved to No. 41, now 1009, which was also in the Mills Building. These quarters housed the Company's office staff and the general agents, the latter bearing part of the expense. The rent advanced from twenty-five to fifty dollars per month. Among the bills approved at this time is one for \$1,571.71, for fixtures for the new offices, but this quite material item was very much reduced by a claim against D. O. Mills & Co., for \$1,200 for fixtures in the old rooms. This was along in 1870 and 1871. Three or four years later a few other expenditures on account of the new offices were made, one bill in the lot being for \$145.67 for carpet in the Directors' Room. Apparently the Board was indulging itself in quite a fit of extravagance.

CARE IN USE OF FUNDS.—However, all the records that are extant show quite conclusively that the management was very careful and conscientious in its use of the Company's funds in the matter of expense. As an illustration we might cite the hotel bill of the five members of the Executive Committee who went down to San Francisco as a delegation to some convention. It was twenty-eight dollars. That was when the Company was ten years old. Salaries were small, ranging from fifteen

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dollars per month for the office boy, up to two hundred and fifty dollars for the Vice-President, and all other items of overhead were in accord with these salaries. Indeed, the total of the entire payroll would not now be considered a very fat salary for the average vice-president. As stated before, there is no evidence that Mr. Stanford ever received any salary. Operating within such financial limitations, the management was generous withal in the treatment of its little group of employes. A minute at Christmas time, in 1877, shows that each one on the list, up to and including the Actuary, received a gift of twenty dollars, excepting the office boy, Tom Fox, who had to be satisfied with fifteen dollars. There are other records later of similar generosity, in which Dr. Moore seems to have been the leading spirit. The Company has continued to remember its employes in like manner ever since.

RETIREMENT OF CALIFORNIA MUTUAL.—Early in 1873, the California Mutual Life Insurance Company of San Francisco, the only rival home company of the Pacific Mutual, retired from the field and made a proposal to the Pacific Mutual to take over its business. Simon Schreiber did the actuarial work that was required in these negotiations. He evidently had an eye open to the interests of Schreiber & Howell, for he secured an agreement for the payment to his firm of a 5 per cent collection fee on the renewal premiums of the California Mutual's business. However, the negotiations all fell through and the Republic Life Insurance Company of Chicago got the business of the California Mutual. This consolidation was effected, it will be observed, in the year of the great financial panic.



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**STOCKHOLDERS' LIABILITY IN CALIFORNIA.**—Right here should be noted the subsequent developments of this transaction, which illustrates the operation of California's unique constitutional provision governing the liability of stockholders. The Republic Life of Chicago failed, in 1877, and eleven years later one of the several California Mutual's policyholders, who had not exchanged their policies for policies in the Republic, brought suit in the California Supreme Court to recover under his original policy, and won his case. The stockholders of the California Mutual, thirteen years after that company had ceased to exist, assessed themselves to the extent of \$26,000 to cover in full the claims under the outstanding California Mutual policies. This has probably no parallel in the history of life insurance.

**DR. MOORE BECOMES VICE-PRESIDENT.**—In the preceding chapter we have noticed at some length the advent of Dr. Moore. When J. H. Carroll succeeded Leland Stanford as President, in 1876, Dr. Moore became Vice-President. His advance to this office placed him in a position to thoroughly acquaint himself with all of the affairs of the Company, of which he took full advantage. His previous years of experience in the life insurance business, and the intimate knowledge of it he had thus acquired, enabled him to make a correct analysis of the Company's condition and to suggest remedies where remedies were needed. And there were not a few of these.

**SOME NEEDED CHANGES.**—From the first year the Company had been paying dividends on its Cash Capital of \$100,000, and also interest to the stockholders on the Guarantee Fund of \$250,000, which latter, it will be



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remembered, consisted of non-interest-bearing promissory notes executed by the stockholders, each stockholder having given his note for not to exceed two and one-half times his cash subscription. The limits were \$2,000 in cash and \$5,000 in a guarantee note for any one stockholder. If a stockholder sold his stock the note continued, unless the purchaser furnished an equally good note in its place. Under the law, the stockholder was entitled to a dividend equal to the interest earned annually on the cash he had put up, and also a 5 per cent commission on his note. During the first eight years the Company had paid under this provision what was equivalent to a 24.5 per cent dividend annually on its Cash Capital.

Mention has been made already of the ultra liberal contract which Schreiber & Howell had held, which was, however, canceled by agreement, in 1874. The Company had been issuing many policies upon which one-third of the premiums were payable by note, the understanding being that these notes were to stand until offset by dividends or paid off by the proceeds of the policies, should they become claims. These notes, being secured by policy reserves were a good asset as long as the policies continued in force, but the Company had overlooked the fact that when the policies ceased, the notes became worthless. It had accumulated some \$40,000 of these notes.

DR. MOORE MAKES SOME RECOMMENDATIONS.—Furthermore, in accordance with the recommendation of Elizur Wright, the Company had been paying quite liberal dividends to its policyholders. Dr. Moore saw

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clearly that the management in all these directions had been overreaching itself and must retrench to avoid disaster. He, therefore, made several drastic recommendations. They were:

1. An immediate discontinuance of dividends and commissions to stockholders.
2. A reduction of 50 per cent in dividends to policyholders.
3. The collection of \$25,000 in cash from guaranteed notes.
4. The payment by stockholders of an additional sum equal to the amount received as commission on the notes.
5. The re-insurance of all paid-up policies, which would reduce the reserve liability to the extent of some \$60,000.

All of these recommendations were approved by the Board of Directors and promptly carried into effect. But naturally they created much dissatisfaction in many quarters. Competitors took advantage of the situation and launched vicious attacks against the Company, which were abetted by some of the insurance journals.

During this stormy period, the name of Leland Stanford, known favorably far and wide, proved a tower of strength to the corporation. He believed in the Pacific Mutual, and the public believed in him. Added to this fact was the able leadership of Dr. Moore, who was then in the prime of life, understood the business, and had no doubt as to what the future held in store. It is very largely to his credit that the Company weathered the storm successfully.

## TO END OF THE SACRAMENTO PERIOD, 1881

DR. MOORE ASPIRES TO THE PRESIDENCY.—As might be expected, Dr. Moore was not happy under Mr. Carroll as President. With all his ability and experience in affairs of magnitude, the latter did not possess that knowledge of the insurance business necessary for the proper leadership of a young company, otherwise some of the difficulties and practices noted would probably have been avoided. Dr. Moore, as was to be expected, aspired to the presidency, and he did not conceal that fact. That his relations with Mr. Carroll should become strained because of that aspiration, is obvious. Yet these two men were always cordial in all of their dealings with each other.

The course which Dr. Moore had mapped out for himself was to acquire a majority of the capital stock of the Company, and thus control the situation. He carried out this plan successfully. The recital of all of its details would make a long story. Dr. Moore knew full well that the peculiar constitution of the Company raised a barrier to any attempt to control its stock, and that an amendment to the law must be secured that would bring about some radical changes and, particularly, the elimination of the guarantee notes. He set himself to this task with his usual vigor and adroitness and, in the face of much opposition, ultimately succeeded. His next step was to acquire a majority of the stock. In this he allied with himself Dr. Cluness, the Medical Director, and these two, with the assistance of the D. O. Mills Bank of Sacramento in financing the undertaking, acquired 505 of the 1,000 shares. Some stock was purchased by Dr. Moore for as low as \$10 per share.

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DR. MOORE BECOMES PRESIDENT.—This major task accomplished, the securing of the presidency was not difficult. Dr. Moore was elected to succeed Mr. Carroll at the annual meeting, in February, 1880. Mr. Carroll shortly after retired as a Director. Jerome C. Carroll, his brother, and Secretary of the Company, resigned his office and went into the field for a few months. He was succeeded as Secretary by E. B. Mott, Jr., and Dr. W. R. Cluness, Medical Director, took the place of Dr. Moore as Vice-President.

HOME OFFICE MOVED TO SAN FRANCISCO.—Dr. Moore was convinced in his own mind that the future success of the Company called for another radical change, and that was the transfer of the Company's head office from Sacramento to San Francisco. The latter had outdistanced the capital in growth and development and had become the metropolis of the Pacific Coast. The Company, located a hundred miles inland and quite to one side from the lines the development of the state had taken, was finding it more and more difficult to secure an adequate amount of new business. As the majority of the directors and all of the officers resided in Sacramento and vicinity, much careful work had to be done to secure a preponderance of opinion in favor of the proposed change. But in this, too, as in the other real tasks to which Dr. Moore had set his hand, success crowned his efforts. In the early autumn of 1881 the Company moved down to San Francisco, and October 1st opened its new headquarters at 512 California Street.

Following these changes, for which Dr. Moore was primarily responsible, all that eventuated therefrom has shown that the best interests of the Pacific Mutual were



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promoted by the plans which he had conceived and carried out. As shall appear later, the Company took on a new lease of life in San Francisco, and during the Doctor's long term of office, covering a quarter of a century, built securely and made steady, though never rapid, progress.

Thus far mention has been made of many on the directorate and official staff about whose names the story of the Pacific Mutual, during the Sacramento period, has been woven. More should be said about some of them, however, in order to give a better understanding as to "who's who" in the Company during the period under consideration. Among these are Samuel M. Marks, Thomas Fox, Rich J. Mier and John M. Kilgarif, all natives of Sacramento. The last named, however, spelled his name at that time with two f's.

SAMUEL M. MARKS.—In the foreword I have acknowledged our indebtedness to "Sam" Marks. His intimate knowledge of the Company extended over a third of a century, and his keen memory has been of great assistance in this compilation. Beginning with the Company as office boy, on July 1, 1872, Mr. Marks' name receives considerable notice in the minutes recorded during the seventies. Dr. Moore, whose coming postdated that of Mr. Marks about four years, wrote this of him: "The little fellow was earnest, prompt and dutiful. It was not long before he was promoted, and at sixteen occupied a desk. As the Company grew, he was advanced. His services were commended because he not only did what he was told to do, but always tried to give the Company and its agents the best there was in him."

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Mr. Marks himself tells us that his only compensation for the first six months was a pair of cuff buttons. He still has the cuff buttons, but he must also possess real satisfaction in the memory of the loyal and unselfish service he always gave, and which in all of his relations ever since has been one of his outstanding characteristics. His initial salary of \$15 per month did not long remain at that amount, and in a few years advanced to three figures. Office boy, "general utility man," assistant secretary, secretary, and finally a director and vice-president, indicate the steps upward in his career. Near the close of the San Francisco era in the Company's history, Mr. Marks withdrew and shortly after became the secretary and treasurer of the East Bay Water Company, Oakland, which office he still holds.

THOMAS FOX.—Aside from appearing on the early payrolls, Thomas Fox, who began as office boy ("and an efficient boy he was," wrote Dr. Moore), on August 13, 1877, does not figure in the records of those earliest years. He tells us that as a small boy fresh from grammar school, he went out to look for a job, and walked into the Pacific Mutual office. He there met Secretary Jerome C. Carroll, and told him he had heard the Company needed an office boy. This conversation ensued: "Yes, come in here. It is a fine day. You look young, but you are all right; you'll do." I says, "What have I to do?" He says, "Go back and I'll show you." He showed me a broom, mop and bucket. "You take care of this office and keep it clean." I says, "When will I do it?" He says, "Well, after office hours, and keep it clean as you can." I says, "Anything else?" He says, "You have to run messages, take the mail to the trains, and go to the

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post-office." I says, "What's in it?" He says, "Fifteen dollars a month." I says, "What?" He says, "Do you want the job?" I says, "Sure, Mike; I'll take it."

This lad advanced rapidly from office boy to one clerical position after another—assistant bookkeeper, assistant invoice clerk, assistant policy writer, assistant to the secretary, and assistant to the actuary. But being observant and noticing with what apparent ease one of the agents wrote an application for a policy, he felt he could do that, too. It was not long before he was out in the field, and in the field he has remained, and at Sacramento. When the Company left Sacramento, he became the district manager at that office and later the general agent, which position he held to the end of 1927, to his own and the Company's profit and satisfaction. Mr. Fox has long been a prominent and respected citizen in his community, and served as postmaster for several years under President Wilson's administration. He enjoys the unique distinction of being the only one of the many thousands who have served the Company who has been in its employ for a half century, in recognition of which he was presented with a handsome diamond service pin on his fiftieth anniversary, August 13, 1927.

RICH J. MIER.—The first appearance of the name Mier, in connection with the Pacific Mutual, is in the list of original stockholders—"Frederick Mier, Merchant, Sacramento." This was the father of our esteemed associate and Vice-President, Rich J. Mier, familiarly known to so many now in the Company as "Dick." The name of Mr. Mier, senior, appears twice in the minutes later in connection with a policy that had

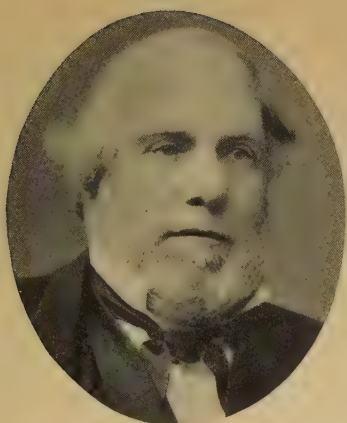
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been assigned to him, the claim under which he had some difficulty in collecting because of misstatement and concealment of facts when the insurance was applied for. A compromise was effected. The final entry of his name is in the list of death claims approved in March, 1900. He had a \$10,000 policy.

Vice-President Mier's life covers that of the Pacific Mutual and began three years earlier. However, he did not enter the portals of the Pacific Mutual seeking a position, until June 21, 1881. He was looked upon by Dr. Moore with favor, and was set to work as an office boy at a salary of \$15 per month. With that income, he tells us he managed to save money. There were in the office at that time, besides himself, but two officers and five clerks who gave full time to the business. He was soon placed in a clerical position and, in his own words, "alone wrote all the life policies, endorsed the figures in such policies, made all the changes and re-issues, wrote all the renewals and actuary cards, kept the policy register and tickler, and when I was not busy I assisted the bookkeeper."

A few months after his appointment, Mr. Mier moved to San Francisco with the Company. When the Accident Department was created, in 1885, he was made chief clerk and office manager of that department. He has given his whole time to the department from its beginning and is rightly regarded as its dean. The fund of experience in the underwriting problems in that branch of the insurance business which he has accumulated through the years, places him in the very forefront among accident underwriters in the United States.





JUDGE ROBERT C. CLARK  
*First Counsel*



DR. JOSEPH M. FREY  
*First Medical Director*

TWO OF THE COMPANY'S EARLIEST OFFICIALS



S. M. MARKS  
*1872 to 1905*



JOHN M. KILGARIF  
*1876 to 1921*



RICH J. MIER  
*1881 to date*



THOMAS FOX  
*1877 to date*

OFFICE BOYS THAT GREW UP

## TO END OF THE SACRAMENTO PERIOD, 1881

**JOHN M. KILGARIF.**—John M. Kilgarif began his career as a page in the State Senate at Sacramento. He came to the Pacific Mutual in 1876, and was first placed in charge of the "window cleaning department," as he phrased it, at a salary of \$30 per month. He had graduated from business college, and as some vacancies occurred soon after his appointment, he received a clerical position and advanced with some rapidity, being policy clerk, register clerk, and assistant actuary in quite rapid succession. He moved down with the Company to San Francisco, and when the Accident Department was organized, he also became its chief accountant. While in that position, he brought into the department as his assistant, Fred H. Beaver, about the time that the latter's father, George W. Beaver, became Vice-President of the Company. The partnership, Kilgarif & Beaver, formed later, will be given mention in a subsequent chapter.

**OFFICERS DURING SACRAMENTO PERIOD.**—By the time that the Pacific Mutual transferred its head office from Sacramento to San Francisco, in 1881, two only of the original fifteen directors remained on the Board. These two were Samuel Lavenson and Daniel W. Earl. Several changes, most of which have been already mentioned, took place in the official staff, also. Three Presidents served the Company during the Sacramento period—Leland Stanford, 1868-1876; J. H. Carroll, 1876-1880; and George A. Moore, from 1880. The Vice-Presidents were H. F. Hastings, 1868-1871; Edgar Mills, 1871-1873; J. H. Carroll, 1873-1876; George A. Moore, 1876-1880; and W. R. Cluness, from 1880.

The Secretaries were four in number—Joseph Crackbon, 1868-1874; A. C. Valliant, 1874-1877; Jerome C.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

Carroll, 1877-1880; and E. B. Mott, Jr., from 1880. There was no regularly employed Actuary at first, Simon Schreiber, as I have before noted, serving the Company in that capacity at the outset. Elizur Wright of Boston, and his son, Walter C. Wright, assisted the Company on several occasions, the latter making a trip to California for that purpose, which has previously been mentioned. The son's name appears as the Actuary on the Company's annual report for 1871, and the father's in 1872. Benjamin D. Kennedy was the Actuary, the first regularly appointed, from 1873 to the end of the period.

Judge Robert C. Clark was the Company's attorney throughout the entire Sacramento period. There were two Medical Directors, Dr. Joseph M. Frey, serving the first few years as Physician-in-Chief, and Dr. W. R. Cluness. I am unable to determine the exact date when Dr. Cluness succeeded Dr. Frey. It was probably early in 1872. The use of the title Medical Director instead of Physician-in-Chief seems to have come in soon after Dr. Cluness' appointment.

CHANGES IN DIRECTORATE.—We have said that but two of the original Directors survived as members of the Board after the head office was transferred. As most of the Directors resided in Sacramento, it is quite natural that several should resign when the Company moved to a point a hundred miles away. Some of the members, not in the original group, came and went while the Company was domiciled in the capital city. Altogether I have counted thirty-two men who were on the Board some time or other up to the date of removal. These all appear, each with the term of service attached, as far



## TO END OF THE SACRAMENTO PERIOD, 1881

as it is determinable, in one of the appendices to this book.

When the Company established itself in its new location, I find the following listed in some of the printed matter published at that time as the fifteen members of the Board: Robert Sherwood, capitalist; George W. Beaver, capitalist; L. S. Adams, wholesale grocer; Columbus Waterhouse, carriage business; W. T. Garratt, manufacturer; W. R. Cluness, Vice-President and Medical Director; Samuel Lavenson, merchant; George A. Moore, President; J. F. Houghton, president, Home Mutual Fire Insurance Company; Hugh M. LaRue, president, State Agricultural Society; Robert Hamilton, manufacturer; Edward Cadwalader, insurance and real estate; D. W. Earl, merchant; Charles N. Fox, attorney; B. F. Langford, farmer, San Joaquin County. Cluness, Lavenson, LaRue and Cadwalader were the only Sacramentans left on the Board. All the others except the last on the list, Langford, were residents of San Francisco.

COMPANY'S BUSINESS IN 1881.—At the close of the year 1881, three months after its location in San Francisco, the Pacific Mutual had \$7,049,814 of life insurance in force, its cash income for the year was \$339,440.95, and its admitted assets, \$948,258.88. The acquisitions of new business during the latter part of the period were scarcely sufficient to offset the expirations and lapses. During the years 1868 to 1881, inclusive, the Company had, however, given good service to its policyholders. The death losses paid to the close of 1881 totaled \$1,032,434, and another million dollars was disbursed on account of matured endowments, surrenders and dividends.





## VIII

### THE PACIFIC MUTUAL IN SAN FRANCISCO

1881-1906



HOME OFFICE LOCATION AND PERSONNEL.—The Company's first office in San Francisco, 512 California Street, had been its agency headquarters and was under William O. Gould, "Secretary, San Francisco Department," who later succeeded Benjamin D. Kennedy as Actuary. Our annotator says of this office that it was "awfully crowded and mixed up." Within less than a month the Company had leased and moved into more suitable quarters on the second floor of the Union Fire Insurance Company's building, 418 California Street. At this location the home office of the Pacific Mutual was domiciled until early in 1893, when the new Pacific Mutual Building was completed.

The twenty-five years that the Company remained in San Francisco were years of steady and satisfactory development. Contrasted with present-day achievements, the growth of the business was slow, but it was on a sound basis. Those entrusted with the major responsi-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

bility for the Company's affairs applied themselves to their tasks in a very serious manner. Compared with the previous period, the changes in the personnel of the directorate and official staff were but few. Dr. Moore's term as president synchronized almost exactly with the San Francisco period. He had gone into office the year before the move from Sacramento to San Francisco, and held it until within a few months of the close of the period. There were but three changes in the vice-presidency. Dr. Cluness, who held that office till 1886, was succeeded by George W. Beaver. The next change took place late in 1900, when Mr. Beaver passed away, and George W. Scott became Vice-President. He resigned in the fall of 1905, and Secretary Samuel M. Marks was promoted as his successor. Mr. Marks' term was brief, as he held the office for not more than two months. A complete change in the management was made near the close of 1905, which will be noted later.

The Secretaries who served the Company while it was in San Francisco were E. B. Mott, Jr., who died in 1882, J. N. Patton, from 1882 till his death, in 1900, and S. M. Marks, from 1900 to the fall of 1905. Mr. Marks was Assistant Secretary under Mr. Patton during the latter's entire term. The Actuaries during the period were also three in number. Benjamin D. Kennedy, a victim of tuberculosis, died soon after the Company established itself in San Francisco, when William O. Gould was appointed and held the position for almost twenty years. Following the latter's death, John F. Roche, who was an Actuary at the time for the New York Life Insurance Company, was brought out to San Francisco and took charge of that important office for





DR. W. R. CLUNESS  
*Vice-President and  
Medical Director*



J. N. PATTON  
*Secretary*



DR. GEORGE A. MOORE  
*President*



THOMAS BENNETT  
*Superintendent of Agencies  
First Manager Accident Department*



RICH J. MIER  
*Chief Clerk and Office Manager  
Accident Department*

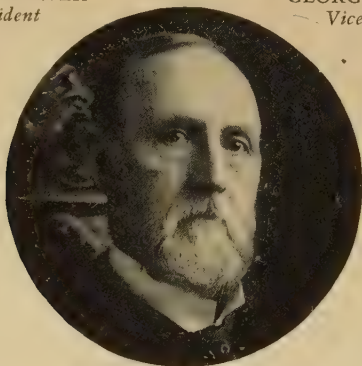
OFFICIAL STAFF, AS THEY APPEARED IN THE EIGHTIES



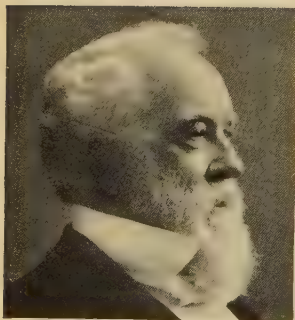
GEORGE W. BEAVER  
*Vice-President*



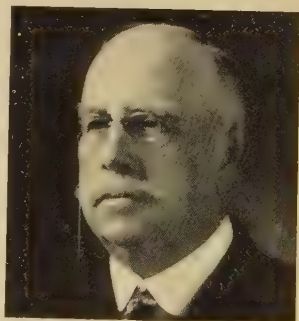
GEORGE W. SCOTT  
*Vice-President*



GEORGE A. MOORE  
*President*



DR. W. R. CLUNESS  
*Medical Director*



MARVIN R. HIGGINS  
*Superintendent of Agencies*

SOME OF THE OFFICERS, AS THEY WERE IN THE LATER  
SAN FRANCISCO PERIOD

## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

the Pacific Mutual, January 1, 1904. A goodly percentage of the Directors served throughout practically the entire period in San Francisco. As in the official staff, death was responsible for most of the changes in the personnel of the Board.

CHARACTER OF DR. MOORE'S ADMINISTRATION.—The foregoing facts substantiate the understanding that has prevailed that Dr. Moore's regime as president was one of harmony and excellent cooperation on the part of Officers and Directors. There was, throughout those twenty-five years, scarcely a ripple on the placid surface of the Company's affairs. Dr. Moore said of his Board that in his opinion "no similar corporation ever possessed a more intelligent and harmonious Board of Directors."

ECONOMY IN OVERHEAD.—There are many brief entries in the minutes of the Executive Committee that if mentioned would awaken interesting memories in the few whose connection with the Company runs well back into the San Francisco era. Some of them, of trifling importance in themselves, reflect well the spirit of the management and the practices common to the business in those years. I have referred before to the care exercised in handling the Company's funds prior to Dr. Moore's term. No one connected with the Company grew rich out of his job while the Doctor was President. His own estate, when he laid down the reins, was an exceedingly modest one. Vice-President Baker relates that when Dr. Moore was visiting his agency in Chicago, the Doctor, seeing a tourist car at the depot, was favorably impressed with it and decided that he and Mrs. Moore would journey back to California in that kind of a car, and give the Company the benefit of the lower fare. Mr.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

Baker, however, saw to it that they traveled first-class. All salaries paid the members of the official staff were quite modest. For the officers, they ranged from \$500 per month down, and away down. The Company's attorney, in 1882, Charles N. Fox, was paid a salary of \$1,000 per annum for his services as "consulting counsel and examiner of titles." It was raised to \$1,200 a year later. Dr. Cluness, who had to continue in Sacramento for some time after the Company moved, asked that, as he could not give as much time as formerly to his office as medical director, his salary be decreased from \$3,000 to \$2,000. The Committee, "after some complimentary remarks," so ordered.

The average salary paid employes was also low. In 1882, "Jack" Kilgarif, as Company's cashier, with \$150 per month, headed the list. In that year, "Dick" Mier was drawing \$35, but "Tom" Fox was more lucky. When he was left behind to look after affairs in Sacramento, he was allowed \$75 per month for his services. Increases came slowly. It was not until 1888, after he had served the Company for sixteen years, that "Sam" Marks climbed up to the \$200 figure. We notice, however, that when he got married, in 1895, the generosity of the Company prompted a wedding gift of \$50. In 1888, Kilgarif appears on the payroll for \$175, and "Dick" Mier had gotten up to \$110. The names of Fred H. Beaver, son of the Vice-President, and Cashier in the Accident Department, afterwards Kilgarif's partner as general agent, and W. A. Jenkins, chief loan clerk, but now Junior Vice-President, are put down in the same list for \$100 and \$75 per month, respectively.



## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

The fee paid a Director who was not an Officer, for attendance at meetings, was \$10 for each meeting.

But these were liberal salaries for employes in those days. The Company showed its generosity to its employes in other ways. In a preceding chapter I made mention of the Christmas gift in the form of a little additional money, which came in with Dr. Moore's advent. The practice was continued throughout his entire term. "Usual Christmas donations" are the words in the record. Evidently the Committee grew a little dubious about entering such a word as "donations" in the minutes, for a little later, and for many years, the expression used for this disbursement is "to the clerks in the office in acknowledgment of services for extra work performed during the year."

TREATMENT OF INEBRIATES AND DRUG ADDICTS.—The Company was quite strict in exacting the conditions in its policy contracts during the period in question. This was entirely justifiable, and indeed demanded, by the then acknowledged standards of sound underwriting. There are not a few entries that recite the cancellation of life policies of inebriates and drug addicts. In all such cases, the accumulated reserve was tendered the insured and his beneficiary, where a beneficiary was named. The invariable minute two or three weeks later is that this tender was accepted.

LOANS AND INTEREST EARNINGS.—During the San Francisco years, there were many mortgage loans placed, which, with few exceptions, were profitable. The average rate of interest earned was high. The rate received tapered gradually, however, from 12 per cent at the opening of the period, to half that figure at the end.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

The minutes show that the Company consistently refused to accept payment of loans before maturity. It is interesting to note that whenever the Company found it necessary to negotiate temporary commercial loans at the bank, which it sometimes did, it received all the money it needed, at 4 per cent.

Such losses on mortgage loans as were incurred did not run into large figures and were absorbed and disappeared in the total investments which, taken as a whole, were highly profitable. In a table of interest returns realized by the life companies in the nineties, we notice the average rate earned by the Pacific Mutual on its invested funds was 6.71 per cent, which put the Company at the top of the list.

Certain loans on vineyard and delta properties carried over from the Sacramento days were long on the Company's books. These properties, which came back on its hands through foreclosures, demanded repeated attention for many years, and appear again and again in the expense account, particularly Andrus Island. The Company had disposed of the property on advantageous terms, but as it was obliged to take back a mortgage on it, continued close attention and frequent outlay became necessary. Andrus Island was finally disposed of permanently. The minutes record that "George A. Moore," the dredger purchased to build levees for the protection of the island, was sold for \$4,000.

There is not a little evidence in the minutes that the Pacific Mutual furnished the funds for a good many important developments and enterprises in the state that gave opportunity for safe and profitable investments. Sherman and Clark, capitalists and railroad

## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

builders of Los Angeles, who have been mentioned in a previous chapter, were frequent borrowers in the nineties to finance the construction of the Los Angeles Pacific Electric Railway, the beginning of the now extensive system of electric lines that radiate from Los Angeles to surrounding towns and cities in Southern California. The Pacific Mutual was also a frequent purchaser of the bonds of that corporation. All of these investments were entirely satisfactory and profitable.

SOME AGENCY APPOINTMENTS.—By the time that the Company left Sacramento, it had spread out over a great deal of territory and was operating in many states. The development of this territory, rather than the entering of new fields, claimed the major attention of the agency department. The acquisition cost of the business was moderate. Tom Fox's contract, which may be taken as a fair example as to commissions paid, allowed him 40 per cent, graded. In the early eighties, Col. J. S. Byington, a polished gentleman from the South, was a conspicuous figure in the field. It was his office to stimulate production and supervise the agency force. He was allowed a salary of \$300 per month and expenses, with a provision for a reasonable increase of salary based on the volume of business secured.

In 1887, a contract with Jackson & Mansfield, for Colorado, Kansas, and the territories of Wyoming and New Mexico, is recorded—a large field to cover with such facilities for transportation as existed at that time. This contract illustrates the liberality of the Company in slicing off territory to its General Agents. Ira B. Jackson was for many years the Company's General

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

Agent at Denver, which office he held and conducted successfully until his death, in 1923.

Early in 1891, Kilgarif & Beaver transferred their attention from the office to the field, and were "coaxed," as Kilgarif put it in a letter still in our files, to become the Company's General Agents at San Francisco. In this new relation they were very successful, and built up a large, well-selected business that was profitable both to themselves and to the Company. They were given a ten-year contract on condition that they produce not less than \$500,000 of new business each year, which requirement they never failed to meet. They served the Company as General Agents for many years and until they passed away, Mr. Beaver in 1918, and Mr. Kilgarif in 1921.

In January, 1893, there is a minute that interests us much, for it records that General Agent McAvoy at Chicago had resigned, and the Company offered the agency to Baker, Motley & McDearmon. This is the first reference I have been able to find to our esteemed Vice-President and Superintendent of Agencies at the present time, Danford M. Baker. He and W. P. Motley had been representing the Company at Kansas City. It is stated that Baker and McDearmon were invited to San Francisco to negotiate a contract, and later that these negotiations were satisfactorily completed. Mr. Motley continued on in Kansas City as General Agent, and until his retirement, at the end of 1920. Mr. Baker remained at Chicago until he was called to the Home Office, in 1906. He was one of the conspicuous successes in the underwriting field in Chicago, and established the Pacific Mutual securely in its Life and Acci-

## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

dent business in that metropolis. Mr. McDearmon later became General Agent at St. Louis, where he was succeeded by Samuel Polk, in 1901, the latter holding that position until late in 1927.

SOME COMPANY EXECUTIVES.—Marvin R. Higgins, who first came into notice as secretary of the Chamber of Commerce in Los Angeles, served for some time as private secretary to Governor Markham, and later was appointed Insurance Commissioner for California, came from this last office into the Pacific Mutual, in the spring of 1897. As General Superintendent, he was given complete charge of the Company's field operations, and shortly after was elected to the office of Second Vice-President. For about eight years he was very active in the Company's affairs, and was an able executive. He resigned his position, in 1905, and gave his attention to mercantile business, in which he has achieved marked success.

Other high executives in the Company during the San Francisco period, and of excellent ability, were George W. Beaver and George W. Scott, both of whom have been mentioned as succeeding each other as Vice-President, Mr. Scott coming into that office following Mr. Beaver's death, in 1900. They were both successful men of affairs and of sterling worth, and contributed much to the success of the Company in its financial and investment interests during their respective terms. Mr. Scott resigned in 1905.

VENTURES IN FOREIGN FIELDS.—Thrice during Dr. Moore's regime the Company was tempted to turn its attention to distant fields. It made a move towards doing something in Alaska when Edmund Furgie, who was



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

fond of globe-trotting, was planning a trip to that far north territory and secured permission to represent the Pacific Mutual in that field. But he soon transferred his base to the Sandwich Islands, and that venture fell through. In 1882, one Thomas B. Gillespie persuaded the Company of the propriety of reentering Mexico, and was made an allowance for that purpose. There is no evidence that he secured any business. In 1889, however, when Gen. C. H. M. y Agramonte, who turned out to be a soldier of fortune, appeared on the horizon, a more serious effort was made to secure a foothold in Old Mexico. He was fitted out with cash and a generous assortment of blanks, all in Spanish, and set out to capture Mexico City for the Pacific Mutual. This quotation from the minutes some time later indicates quite clearly what came of this third and last venture in Mexico: "Liability of C. H. M. y Agramonte, formerly general agent for Mexico, was placed with the Company's attorneys for recovery." Quite an amount of business was written by the General and his aides, but it produced more trouble than profit, particularly in the Accident Department, where much confusion was experienced in the adjustment of claims. He represented the Company in Mexico for over four years, and sold 2,534 accident policies, with \$46,735 in premiums.

In the Orient, however, the Company seems to have fared better. In 1885, Adolph Hinz of San Francisco was stationed at Hongkong, and authorized to secure business in certain parts of China and Japan. The Company never entered the latter country, as the legal requirements there relative to investments were prohibitive. The first bunch of applications from China came



## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

in three or four months after the office was opened at Hongkong, but only one of them was accepted, Soo Sun Fong, who, therefore, became the first native in China to receive a policy from the Pacific Mutual. A good deal of business was received from China. Many applications are listed in the minutes as approved, but as many, if not more, were declined. The Executive Committee seems to have acted on each individual case. Claims on this business begin to appear a little later. While the Company required a photograph of each Chinese insurant, the difficulties of identification after a claim arose, presented a formidable objection to continuing in China. Later, Drs. Moore and Cluness visited China and Japan and made a survey of that field. It was shortly after abandoned. An interesting item relative to this visit to the Orient, and still preserved, is a subscription list of fourteen of the Company's employees who purchased a present for the two travelers. Among these names are V. A. Humphrey, W. A. Jenkins and Rich J. Mier, all of whom are still with the Company. That was in 1890. There are two columns of figures on the sheet, totaling \$60 and \$43.85, respectively. Evidently the present, whatever it was—no one seems to remember—cost only the latter amount, which was prorated among the contributors in proportion to their subscriptions.

ORGANIZATION OF ACCIDENT DEPARTMENT.—One of the outstanding events during the San Francisco period was the organization of the Accident Department. At the meeting of the Executive Committee, on March 31, 1885, a resolution was unanimously adopted to enter the field of accident insurance and organize a

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

department to handle that business. The services of Thomas Bennett, at one time connected with the Travelers Insurance Company at Williamsport, Pennsylvania, and later in San Francisco, as the general agent for that company, were secured as Accident Manager, and Rich J. Mier was advanced to the position of Chief Clerk and Office Manager of the Department. As was natural, the Company at the outset adopted the classification of risks and rates used by the Travelers, but with some modifications. The limit of insurance on one life, under accident policies and tickets, was fixed at \$10,000, and fifty dollars weekly indemnity, \$16,000 under life and accident contracts combined.

The organization of this new department added one clerk to the office staff, some more space to the Company's quarters, and increased the number of the "Pacific Mutual," the Company's paper, from 3,000 to 6,000. July 10, 1885, the first accident claim was presented, when John D. Harvey of Albion, who had "cut his leg with an ax," asked for two weeks' indemnity—twenty dollars. The second claim is interesting because it arose fifteen minutes after the claimant was insured. It was for fifty dollars. The claimant, George W. Griffiths of Redwood City, crushed his hand with a wagon brake. In the course of a few months more, quite a number of claims were ordered paid each week.

The year 1885 had not closed before the Pacific Mutual began to introduce new features in its accident contracts. A clause was inserted providing for the payment of half the principal sum for the loss of two limbs, or the sight of both eyes. In the earliest policies, provision was made for the deduction from death claims of

## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

amounts paid for indemnity, but this was eliminated when the department was one year old. Another new feature was introduced about the same time, when a "select class" of risks was created, who were charged but 80 per cent of the regular rates. The eye and limb clause was improved a year later, competition presumably compelling the adoption of the Travelers' clause *holus-bolus*.

ORGANIZATION OF INDUSTRIAL DEPARTMENT.—Ten years later, 1895, the Pacific Mutual decided to add another new department and enter the industrial field in its life business. This had been under consideration for some months and had been proposed to the Board by the Executive Committee at the meeting of the latter, on October 30, 1894. An Englishman named Penny, who came from the old Prudential of London, and also had some experience in a couple of American companies, was at first placed in charge, but, in Dr. Moore's words, he turned out to be a bad Penny, and was dismissed. William S. Moore, son of Dr. Moore, and who had been in the Company's employ from boyhood, was made Chief Clerk of the Industrial Department, and gave excellent service until forced to relinquish his office because of ill health. Thomas L. Miller, who was appointed Manager and Assistant Secretary, then took charge and conducted the department until the Company sold its industrial business to the Metropolitan Life Insurance Company of New York, in 1901. That company came into the field in San Francisco as a competitor at that time. The check that closed this transaction, which was for quite a goodly amount, was delivered to the Pacific Mutual on Sep-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

tember 6, the day that President McKinley was assassinated in Buffalo.

While engaged in the industrial business, the Company reaped benefit in its other departments from the contracts established. Just as a matter of passing interest, it might be observed that one contract made in the industrial field was with Commander Frederick B. St. G. Booth-Tucker of the Salvation Army, in 1899, who became the Company's representative in New York. What came of this appointment in the way of business does not appear.

**PERMANENT TOTAL DISABILITY BENEFIT.**—The Pacific Mutual was one of the first companies in the business to insert the Permanent Total Disability Benefit in its life policies, which it first did in 1904. This benefit provided that in the event of the permanent total disability of the insured, one-tenth of the amount payable at death would be advanced annually, but that such payments would be deducted from the death benefit. In nine years, if the disability continued that long, the total payments equaled the death benefit and therefore ceased, and the policy was canceled. The limit of payment under such disability claim was \$1,000 annually. At that time the provision carried no age limit. The time allowed for filing proof of disability was one hundred and twenty days from date of the beginning of the disability. Immediate notice was required. Benefits for accidental injuries resulting in the irrecoverable loss of the entire sight of both eyes, or in the loss by amputation of any two limbs, were also included. The Company made no premium charge for the Permanent Total Disability Benefit for many years.





### PACIFIC MUTUAL BUILDING

*Montgomery and Sacramento streets, San Francisco. Officially  
opened, January 10, 1893; destroyed by fire,  
April 18, 1906*





THE BIG TREE AS FIRST USED IN COMPANY  
ADVERTISING LITERATURE, 1900



FIRST APPEARANCE OF THE "WAWONA" IN  
COMPANY PRINTED MATTER, 1902

## THE PACIFIC MUTUAL IN SAN FRANCISCO, 1881-1906

**ACCIDENT AND SICKNESS DISABILITY BENEFITS.**—Also in that year, 1904, temporary accident disability benefits, substantially the same as they are today, were added to life policies; also temporary sickness disability benefits, but at first covering only ten specified diseases. It is interesting to observe that the success which the Conservative Life of Los Angeles was making of this combination, at that time, was an important determining factor in the decision of the Pacific Mutual to provide this disability coverage for its life policyholders.

**SOME POLICYHOLDERS OF NOTE.**—During the San Francisco period, the Pacific Mutual insured quite a few people of note. On the first day of the year 1888, John Wanamaker took out a Fifteen-Payment Participating Life Policy for \$15,000, which he carried to maturity. He expressed himself in a letter to the Company as "much pleased with the result of the policy." Haley Fiske, now president of the Metropolitan Life Insurance Company, was issued a \$10,000 Ten-Year Endowment Policy, participating, in 1901, which at maturity yielded satisfactory results to the insured. Sarah Bernhardt, President Benjamin Harrison and other illustrious names appear on the policy roll in those years.

**OPENING OF NEW PACIFIC MUTUAL BUILDING.**—The Company formally opened its new red brick and brown sandstone, seven-story building, at the northeast corner of Montgomery and Sacramento streets, on January 10, 1893. That was naturally a great occasion for the Pacific Mutual, particularly for those identified with the Company in San Francisco, and quite a little was made of it. The Executive Committee seems to have had some differences of opinion as to some features of the program, for

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

this interesting minute appears: "The desirability of serving still wines on Tuesday, January 10th, was discussed at length. It was then moved and seconded that such be served, and the motion was carried." The vote stood three to two in favor, but the "ayes" and "nays" are not recorded. The members of the Committee at that time were Dr. Moore, Vice-President Beaver, Attorney Fox and Directors Houghton and Sherwood. Doctor Moore's attitude in matters of this kind may be safely inferred from the fact that one of his two hobbies was universal prohibition, the other the restoration of Palestine to the Jews. The Doctor was an idealist.

The new building housed the Company's force, including its local agents, and provided all of the facilities common in that day for the proper and expeditious conduct of its business. Such space as the Company did not need was rented to tenants. This structure gave the Pacific Mutual a prestige, and made it a conspicuous factor in the business life of San Francisco, which from that time became a distinct advantage.

AGENTS' CONVENTIONS.—There are a few references in the minutes to agents' conventions, but they do not seem to have been of common occurrence. The earliest was in 1883, but nothing is known of it aside from the brief minute authorizing the President to call a meeting of the agents, in January of that year. There were two quite conspicuous conventions of the general agents held in St. Louis, one in 1894, and the other in 1904. The minutes of the first of these conventions are still extant, and are full of interest. Dr. Moore presided, and Danford M. Baker was the secretary. There were present sixteen of the Company's general agents, and five

other agents who came on special invitations, besides Company officers and other guests.

Both the Life and Accident Departments put on quite an elaborate program. Many recommendations to the Company, involving a variety of changes and improvements in rates and policy contracts, were made and, as appears in the minutes of the Executive Committee just following the convention, were adopted in a good many instances. This convention seems to have engendered much enthusiasm and good feeling. Those present unanimously voted that the Company make it an annual affair. Thomas H. McDearmon, General Agent at St. Louis, was tendered a hearty vote of thanks, Dr. Moore was presented with a diamond watch charm, and Actuary Harvey of the Missouri Insurance Department, one of the guests, offered this stanza:

God bless our entertainers,  
Give them all good in store;  
God bless all California, mankind,  
And just one Moore.

The sentiment in these lines is fine, as was the enthusiasm which it evidences. I offer no comment on the poetry.

As to the convention in St. Louis, ten years later, October, 1904, no record has been preserved save the address of Dr. Moore, which was published in pamphlet form. From a newspaper clipping attached thereto I gather that in point of attendance this was a much more pretentious assembly. Dr. Moore, in the closing paragraph of his address, indulged in a prophecy, and said in part: "As we all work together in building up a grand, a noble institution that, for many generations to come



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and long after all of us have passed to the Great Unknown, shall continue the exalted, the beneficent work for which it was instituted, we can feel that in laying the foundation and placing some of the earlier stones of the superstructure, we at least have a worthy part in the erection of a magnificent edifice, the continued building of which must be left to those who follow us—an edifice whose glittering pinnacles and majestic towers will, in the sunlight of the future, shine upon the homes of millions of people who have been comforted and blessed through its benign ministrations.”

PANIC OF 1893.—The Pacific Mutual, which had passed through a severe testing period during the financial panic of 1873, had another like experience, in 1893. During the early months of that year the Company's business was excellent, but dark clouds had been gathering in the business and financial atmosphere, and the storm burst upon the entire country in the month of July. Specie payments were suspended, banks and commercial enterprises everywhere failed, and prices of all products declined. On the Pacific Coast, grain could not be sold for what it cost to raise and market it, sheep were worth but seventy-five cents per head, wool sold at three cents per pound, cattle and horses were relatively as cheap, and all values depreciated. Many policyholders were unable to pay premiums in cash, some lapsed their policies, while others continued them by giving notes, and altogether, it was a time of great stress and trouble. Borrowers were unable to pay interest, to say nothing of principal, and as a consequence lenders were obliged to realize upon the securities given for loans. The Pacific Mutual, under foreclosure and by

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voluntary deeds, took in more than one million dollars in real property, much of which was unproductive. The interest income fell off heavily, and the possession of so much real estate was a severe handicap, which subjected the Company to unfair criticisms by its competitors and gave opportunity to at least one insurance commissioner to annoy and embarrass the Company. In the end, the properties were disposed of with little or no loss. It took the Company three or four years to overcome the setback which it experienced in 1893.

COMPANY'S HOUSE ORGAN.—There are several references to a Pacific Mutual house organ scattered along through the years, the first being on September 2, 1882, when in a list of bills presented for approval there appears an item for "freight on 'Pacific Mutuals,'" and a little later, another for printing the "September 'Pacific Mutuals.'" This was, however, not the first publication of the kind put out by the Company. Brief reference has been made to "The Pacific Mutual Advocate," in our chapter on "Some First Things," which paper came out in 1874 and 1875, was edited by Secretary Valliant, and was the first known house organ.

There is in our files a bound volume of "The Pacific Mutual," including issues from July, 1882, to January, 1887, also two or three single numbers, one of which was taken from the corner-stone of the Pacific Mutual Building in San Francisco, after its destruction, in 1906. This is to the present editors a highly interesting publication, and is quite different from the "Pacific Mutual News" of the present time. The magazine is printed in quarto size, is profusely illustrated with wood cuts, each issue containing several full-page cuts, and is filled for the

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most part with stories and briefer items of general interest. There is also quite a little display advertising, which doubtless was a source of income, a puzzle column, and a variety of odds and ends. The only mention of the Company is confined to one column, which gives the names of the officers and directors, and a few salient facts about the current policies. "The Pacific Mutual" was published as a monthly. The price charged, which is clearly printed on the first page, was "50c per annum." It was evidently gotten out later as a quarterly, for the minute, in 1891, ordering that a copy be placed in the corner-stone of the new building, speaks of it as the "Pacific Mutual Quarterly."

**BIG TREE TRADE-MARK.**—As near as I can now ascertain, the first use of the Big Tree, as a trade-mark, was in 1900. The first tree used was a fictitious one of huge proportions, many times larger than any known Sequoia now growing. This piece of extravagant exaggeration is perhaps excusable on the ground of artistic license. A couple of years later, however, I find our present tree, the "Wawona," featured in some of the Company's literature, and as it actually is. Both of these trees, as they were then pictured, are reproduced on an adjacent page.

**INCREASES IN CAPITAL STOCK.**—Among other brief items of interest that appear in the records, are a couple of increases of capital stock ordered, one providing for an increase from \$100,000 to \$200,000, in 1897, and another of \$300,000, in 1901, which raised the Company's cash capital to \$500,000. References are made to the rate of interest required on policy reserves. It was at first  $4\frac{1}{2}$  per cent, was reduced to 4 per cent, in 1883,

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and  $3\frac{1}{2}$  per cent, in 1900. The issuance of renewable term insurance was approved, in 1892. War permits with life policies were ordered, in 1898, during the Spanish-American War.

SECRETARIAL CHIROGRAPHY.—It is an observation worthy of mention that, early in 1887, the first type-written minutes appear. Prior to that, Secretary Patton, and frequently Assistant Secretary Marks, wrote the minutes longhand. The chirography of these officers was most excellent. That of Secretary Patton was striking, and as legible as type. He received his first training in the old Missouri Valley Life Insurance Company of Leavenworth, whose clerks were noted for their remarkable penmanship, but I am informed that it was alarmingly slow.

CLARK AND CROCKER DEATH CLAIMS.—Among the death claims, recorded during the San Francisco period, is one for \$10,000 on Judge Clark, the Company's counsel, who died January 7, 1883. I am somewhat surprised at the fact that Judge Clark was able to secure a policy of insurance, as he weighed over three hundred pounds. But he got in early—on the ground floor, so to speak—and was probably accepted for executive reasons. The policy was a Ten-Payment Life, participating, for \$10,000. Incidentally, those still living, who knew Judge Clark, say that he was as good as he was big. Another death claim, of special interest because of the great prominence of the insured, was that of Charles Crocker, who passed away, August 14, 1888. The amount was \$10,000, with additions of \$1,142. It will be observed that both of these pioneers carried the Company's limit at that time.



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PROPOSITION TO REINSURE THE EQUITABLE.—The following minute, copied in its entirety from the record of a meeting of the Executive Committee, held on March 15, 1887, brings to light an incident that has evidently passed into oblivion: "In the matter of the reinsurance by this Company of the Equitable Life Insurance Company of Des Moines, Iowa, the President stated that a conference was desired by the representative of the latter company, and then informed the Committee, in detail, of the offer submitted, and the plans under consideration for securing the business and, also, of the approximate cost of insurance procured through the medium of agents. After full discussion of the matter by the members present, the officers were, upon motion of Mr. Houghton, authorized to reinsure the business of the said Equitable Life Insurance Company of Iowa, at a discount of from 6 to 7 per cent of a 4½ per cent reserve, and that President Moore and Attorney Fox proceed to Iowa for the purpose of concluding the transaction." Aside from the entry in the expense account, a week or two later, of a couple of items covering the trip of these two officers East, the minutes are silent on this subject. Evidently the proposed transaction met with some insurmountable difficulties. In view of the success and high standing of the Equitable Life of Des Moines, and of the further fact that that excellent company and the Pacific Mutual are now the only two old surviving companies west of Chicago, the Equitable antedating the Pacific Mutual by one year, these negotiations are of more than ordinary interest. Neither the records of the Equitable nor the officers in either com-

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pany whose connection runs back to 1887, can throw any light on this subject.

REINSURANCE OF INTERSTATE CASUALTY COMPANY.—In 1899, the Pacific Mutual did reinsure a small accident business, that of the Interstate Casualty Company of New York, which had 7,000 policyholders, and an annual premium collection of \$150,000. In 1901, negotiations were completed with the Conservative Life Insurance Company of Los Angeles to reinsure excess amounts on individual lives.

GROWTH DURING DR. MOORE'S TERM.—When Dr. Moore resigned as a Director and President, having served the Company as its chief executive for twenty-five years, he pointed with considerable pride to the figures which showed the progress that had been made during his incumbency. These are from the official reports of 1880 and 1905.

|                             | 1880       | 1905         |
|-----------------------------|------------|--------------|
| Premium Income . . . . .    | \$ 302,436 | \$ 2,414,812 |
| Interest Income . . . . .   | 72,917     | 370,578      |
| New Business Written . .    | 2,305,601  | 20,221,495   |
| Business in Force . . . . . | 7,468,177  | 64,796,333   |
| Assets . . . . .            | 952,701    | 8,562,440    |
| Surplus . . . . .           | 116,048    | 597,327      |

According to some memoranda left by Dr. Moore, when he retired from the Company, "it was financially strong, had established agencies in forty different states and territories of the Union, was well and favorably known to the insurance and daily press of the country, was popular with its policyholders, had the confidence of its stockholders, directors and the general public, and

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was recognized as an important factor in the life insurance world, and in the development of the resources of California and the Pacific Coast."

Dr. Moore's resignation was presented at a meeting of the Board of Directors, on October 9, 1905, and was accepted, to take effect at the close of the meeting. He nominated as his successor Henry T. Scott, to whom and his associates he and Dr. Cluness sold their stock, and before the meeting adjourned, Mr. Scott was elected by a unanimous vote. Dr. Moore had been in the harness a long time, and had reached the time of life when he felt he should retire and devote the balance of his days to more leisurely pursuits. He lived quietly in his home in Alameda, across the bay from San Francisco, and planned to travel abroad some, which he later did. Some years after he had laid down the reins, he said, speaking of the Pacific Mutual, "I still watch its progress with interest, and it is a great satisfaction to me that under its present management it is fulfilling the promise of its past, and that it now ranks as one of the strongest and most progressive and successful companies of its kind." He passed away at his home, on January 8, 1916.



## IX

### THE EVENTFUL YEARS OF 1905 and 1906



AS THOSE who were in any way identified with the life insurance business, in 1905, will always remember, that was a year whose happenings were fraught with some momentous consequences. The Armstrong Investigation of life insurance in many of its phases and operations brought about changes that were far-reaching in their effect, but which, viewed from the standpoint of the present, were as a whole salutary. But, at the time they were being made, they were very disturbing to the business, in large part because of the exaggerated and garbled press reports which shook the public confidence in life insurance throughout the country. The faint-hearted and short-sighted deserted what they considered to be a sinking ship. Policyholders lapsed their insurance, home office officials relinquished their positions, general agents surrendered their contracts, and stockholders disposed of their holdings.



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PACIFIC MUTUAL CHANGES HANDS.—While these effects were perhaps more pronounced in the eastern and older sections of the country, no company then in the business escaped the necessity to introduce at least some changes in its organization and methods. Although the Pacific Mutual was not subjected directly to the scrutiny of the investigators in New York, the management of the Company at that time was not in an entirely happy frame of mind, and was quite apprehensive as to what the immediate future might hold. Contributing to that feeling was the withdrawal from the Company of Dr. Moore, who had for a quarter of a century carried the big end of the administrative load, and was the outstanding officer in experience in the handling of the underwriting and other technical insurance problems. Henry T. Scott, president of the Union Iron Works of San Francisco, and who had been a director for a score of years, was, as the preceding chapter relates, elected to succeed him. But Mr. Scott, so active in large affairs and endowed with excellent executive abilities, lacked that intimate knowledge of the details of the Company's business that was necessary to make him feel at home in his new position. He had asked Dr. Moore more than once to buy back his stock and return to the presidency. He and other large stockholders were, therefore, quite in the mood to dispose of their interests and turn the Company over to other hands. George I. Cochran, at that time the head of a firm of attorneys, Cochran, Williams & Phillips, in Los Angeles, and Vice-President and Counsel of the Conservative Life Insurance Company of the same city, was advised of this situation, and was given the suggestion that the time seemed opportune

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to buy out the stockholders of the Pacific Mutual and consolidate the two companies.

The Conservative Life had been organized in 1900, with a capital stock of \$200,000, and by the end of 1905 had on its books \$30,130,304 of Life Insurance, with assets of \$2,234,069.72. The insurance in force, and the assets of the Pacific Mutual at that time, were \$64,706,333 and \$8,569,223.28, respectively. The former company, while occupying a much smaller field, and limiting its operations to twelve states—the Pacific Mutual was in forty states—was very active and aggressive, and had achieved more than ordinary success during the few years of its existence, yet its management felt that could a union of the two companies be brought about, it would result in great benefit to both, and to the best interests of their policyholders. The history of the consolidated organization since should be the only proof needed of the correctness of that feeling.

Mr. Cochran, which was so typical of the directness and promptness of his business methods, did not lose any time when these possibilities were laid before him and, with Wilbur S. Tupper, President of the Conservative Life, took the next train to San Francisco. Meeting President Scott, this brief conversation followed. We copy it as it was related in the October 1, 1926, issue of *Forbes*, New York.

Mr. Cochran: "I understand, Mr. Scott, that you don't feel that you know how to run this Company, and that you don't like your job. We think we do know how to run it. We like the job, and we want to buy you out."

Mr. Scott: "This is rather sudden."

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Mr. Cochran: "I am here only for the day—I have told you my purpose in a nutshell."

Mr. Scott: "Come in again in the afternoon."

Mr. Cochran left, and returned at the appointed time.

Mr. Scott: "You have been very concise. I will be equally so. We don't like the business. We don't know how to run it. You can have a majority of the stock for one hundred and sixty-five dollars a share."

Mr. Cochran: "I'll take it. Here is a check for \$10,000 to bind the bargain."

Mr. Scott called in his attorney and a contract was drawn up and signed by both. Thus, with such Spartan brevity, was a momentous transaction consummated.

This agreement is dated, December 13, 1905. The Pacific Mutual had at that time \$500,000 of capital stock, issued in 5,000 shares with a par value of one hundred dollars each. The agreement called for the delivery of not less than 2,766 shares of stock, and the full payment of the purchase price by February 15, 1906, which terms were complied with. It appears from the agreement, that the amount of money that changed hands when the contract was entered into by Mr. Cochran and Mr. Scott was \$5,000, not \$10,000, as given in the foregoing conversation.

CONSOLIDATES WITH THE CONSERVATIVE LIFE.—As the Conservative Life was a smaller and much younger company than the Pacific Mutual, it was decided that the former should merge its business into the latter and retain the name and charter of the larger and more widely-known company. There was some reluctance, naturally, on the part of the Conservative, to giving up its name entirely, and a hyphenated compound was

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agreed on—the Pacific-Conservative Life Insurance Company. That name, however, did not meet with general favor, and in the course of a month or two the application for permission for change of name was withdrawn. It had been decided to drop “Conservative,” and the hyphen, and put “Mutual” back in the place it had so long occupied.

The work of transferring the business and properties of the Conservative to the Pacific Mutual was put through promptly, and in accordance with the requirements of the law and the California Department. An official announcement, dated March 12, 1906, was mailed to all Conservative policyholders advising them of the transfer, and that the Pacific Mutual had assumed and guaranteed the fulfilment of all contracts and obligations of the Conservative. To that notice were attached the signatures of Wilbur S. Tupper, President, and George I. Cochran, Vice-President, the then two head executives of the Pacific Mutual. Their signatures were attested by Alfred W. Morgan, Assistant Secretary. Mr. Tupper had been the leading figure in the Conservative in its underwriting and field operations during most of its existence. He had succeeded to the presidency of the Conservative when Frederick H. Rindge, of honored memory, passed away, on September 5, 1905.

THE NEW BOARD.—The members of the Board of Directors, fifteen in number, of the consolidated organization, were W. H. Crocker, D. W. Earl, Wakefield Baker, F. G. Drum, P. N. Lilienthal, Henry T. Scott, Geo. W. Scott, H. M. LaRue, John F. Roche, George I. Cochran, W. H. Davis, Gail B. Johnson, Lee A. Phillips, John B. Miller and Wilbur S. Tupper. The first nine



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were hold-overs from the former Pacific Mutual Board, the last six were in one way and another identified with the Conservative Life, and were that company's contribution to the new Board. W. H. Davis, however, relinquished his position on the Board very shortly after his election, to become Secretary of the Company, and Dr. W. W. Beckett took his place. At the Annual Meeting, on February 13th, the number of Directors was increased to eighteen. H. M. LaRue retired from the Board, hence four new names were added at the Annual Meeting—Joseph H. Clark, Dr. John R. Haynes, Dr. H. G. Brainerd and C. I. D. Moore. These four members, and Dr. Beckett, were previously connected with the Conservative Life.

A few words about each of these new members of the Board, here mentioned for the first time, are in order. W. H. Davis was, at the time he became identified with the Pacific Mutual, a successful attorney practicing in San Francisco. Gail B. Johnson, a Texan by birth, was the first proprietor and publisher of the *Houston Post*. He located in Los Angeles, in 1888, entering the real estate and banking business in that city, and became the Vice-President and Manager of the German-American Bank, which positions he resigned when he entered the Pacific Mutual. Lee A. Phillips, already named as a member of the firm of young attorneys which Mr. Cochran headed, was directing extensive reclamation projects in the delta lands near Stockton at the time he was elected to the Board. John B. Miller was then, as he is now, President\* of the Southern California Edison

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\*Mr. Miller resigned this position and became Chairman of the Board early in 1928.

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Company, and a resident of Pasadena. Dr. W. W. Beckett, who had been on the board of the Conservative Life, was engaged in a large medical practice in Los Angeles, and was the leading surgeon in the city at that time. Joseph H. Clark, a retired banker and capitalist from Minneapolis and a resident of Santa Monica, had also been a member of the Conservative board. Dr. John R. Haynes and Dr. H. G. Brainerd were both practicing medicine in Los Angeles, and the latter had been the Medical Director of the Conservative Life. C. I. D. Moore, formerly a teacher for several years, had represented the Conservative in the field in Southern California.

THE NEW OFFICERS.—The complete roster of officers elected at the Annual Meeting, on February 13, 1906, shows the following names: Wilbur S. Tupper, President; George I. Cochran, First Vice-President and Treasurer; John F. Roche, Second Vice-President and Actuary; Gail B. Johnson, Third Vice-President; W. H. Davis, Secretary; Thos. B. Inch, Assistant Treasurer; A. W. Morgan, First Assistant Secretary; Rich J. Mier, Second Assistant Secretary; W. R. Cluness, Medical Director; W. R. Cluness, Jr., Assistant Medical Director. Mr. Inch and Mr. Morgan had been, respectively, the Assistant Treasurer and the Secretary and Auditor of the Conservative Life.

THE GREAT FIRE IN SAN FRANCISCO.—When the year 1906 was still quite young, all the details of the consolidation had been completed, and the Pacific Mutual, grown big over night, as it were, and greatly strengthened by the changes and additions that had come to it, launched out upon a new period in its career under

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propitious skies. But other, and in some respects still greater, changes lay just ahead. The old adage, so often verified in human experience, "Man proposes, but God disposes," is apropos here. In the early morning of April 18th, when the people of San Francisco were rubbing their eyes, and the realities of a new day were beginning to force their way into consciousness, there came the ponderous tread of a giant that gripped and shook the city, and hurled the populace from their beds. Soon after, another enemy, more monstrous and many fold more destructive than the earthquake, raised its hideous head above the horizon. In more than a score of places, and almost simultaneously with the collapse of buildings, fires broke out, which the rupture of the water mains rendered the city powerless to cope with. But I need not here go into further details of the destruction that overwhelmed San Francisco in the two or three days that ensued. The story has been recorded in many publications.

SOME FORTUNATE ACTIONS AND OCCURRENCES.—This unparalleled disaster, which seemed for the nonce to spell dire consequences for the Pacific Mutual, brought still greater good to the Company, as we shall see. But before we cite a number of facts in support of this statement, there were quite a few occurrences just before, and at the time of, the earthquake and fire that are all exceedingly interesting, some of them seemingly providential, which should be recorded here. As soon as Mr. Cochran and his associates acquired an interest in the Pacific Mutual, the former made a careful survey of the Company's home office property at Montgomery and Sacramento streets in San Francisco, and

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gave prompt attention to some matters that evidence his good judgment. There were five vaults in the Pacific Mutual Building, one on each of the five lower floors. Mr. Cochran did not think them adequate to the Company's needs, or sufficiently secure. He, therefore, obtained the approval of the Directors to reinforce these vaults, and to add to the stack a vault on each of the two floors above. This work was completed and the vaults in use only a very short time before the building was destroyed. As ten or twelve hours intervened between the earthquake, which had not damaged the building, and the coming of the fire, the employes had ample time to place in the vaults all documents and records of value. The only important records that were left out were the minute books of the Board of Directors, which were kept in a small steel safe on one of the upper floors. These were in ashes when later the safe was located in the ruins and opened. The stack of vaults went through the holocaust safely and, with the adjacent walls of the building, were all that remained standing. When they had sufficiently cooled, and were opened six weeks after, all their contents, of inestimable value because so essential to the Company's business, were in good condition.

At Mr. Cochran's instance also, \$90,000 of fire insurance was added to the amount already on the building. This was done just a few weeks before it was burned. Almost all of this insurance was collected. While the Company had a good deal of money loaned in San Francisco on mortgages, its losses on these loans were nil. But two or three death claims resulted from the disaster, and these were for only modest sums. Valuable records and files of the Conservative Life were



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*en transit* at the time of the fire, and were in an express car on a siding of the Southern Pacific Yards in San Francisco, the morning of the earthquake. This car was not burned. Another day, and these records would have been delivered at the building, and, as to place them would have required some days, they would probably have been destroyed.

TRANSFER OF OFFICE FORCE TO LOS ANGELES.—Among the Conservative's assets turned over to the Pacific Mutual, was its home office building, at Third and Hill streets, Los Angeles, now known as the Western Mutual Life Building. It was fortunate, indeed, that the Company possessed that building. To it, within a few days, it transferred its office force in San Francisco, and was thus able to pick up the routine of its business with a minimum amount of interruption. The following month, on May 18th, the Board of Directors adopted the resolution required by law for the transfer of its principal place of business, and took the steps necessary for the removal of the home office down to Los Angeles. The Directors first assembled on the ruins of the building in San Francisco, also required by law in connection with proceedings for the transfer of a corporation's principal place of business, and then adjourned to an office on the second floor of a building at 414 Montgomery Street, which in some miraculous way had escaped the fire.

Notwithstanding the wild rumors that had spread over the country, through the newspapers and otherwise, when San Francisco was burning, the Company's representatives and its policyholders stood by loyally, with the result that no loss above the usual was sustained



DIRECTORS MEETING ON THE RUINS TO TRANSFER  
THE HEAD OFFICE TO LOS ANGELES, MAY 10, 1906



CLOSE-UP OF DIRECTORS



### CONSERVATIVE BUILDING

*Third and Hill streets, Los Angeles, to which the Pacific Mutual transferred  
its head office*

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through lapsation of business. Looking at the whole occurrence from this late date, it seems truly remarkable that a corporation domiciled in San Francisco, and that was as large as the Pacific Mutual at that time, could come through such a stupendous disaster with so little loss and disturbance to its business.

Those now on the Company's staff who went through the experience of the earthquake and fire at San Francisco, have many interesting reminiscences to relate which, in themselves, would make a unique chapter. I give but one. Rich J. Mier was busy at the building during the interim between the earthquake and the coming of the fire, when Fred P. Newport, who had just assumed the duties of Superintendent of Agencies, stepped in. "Mr. Newport, there are \$72,000 worth of bonds in that safe. Shall I take them out?" said Mr. Mier. "I do not know; use your own judgment," was his reply. While turning the combination of the safe—it was not fire-proof—a second severe earthquake shock occurred. Mr. Mier removed the bonds quickly, and some of the stock ledgers, grabbed a sheet of wrapping paper, and ran down five flights of stairs to the street. He wrapped the bonds in the paper and went to the top of the hill on Sacramento Street to watch the building burn. He took the bonds and ledgers to his home, where he buried them in the basement, his sister alone knowing of their existence. Two days later he removed the bonds to a bank in Oakland, where they remained until restored to the Company. There was in the safe with the bonds, a \$45,000 certificate of stock of the Farmers & Merchants Bank of Los Angeles, which Mr. Mier forgot.



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It was destroyed, and an action of the court was required to secure a duplicate certificate.

**BENEFITS THAT GREW OUT OF THE FIRE.**—I have stated in substance that the San Francisco fire, which brought about the removal of the Pacific Mutual's head office to Los Angeles, has resulted in great benefit to the Company. Had the Pacific Mutual remained in San Francisco, it is entirely probable that Mr. Cochran never would have become its President. He was at the time thoroughly established in Los Angeles, where he had a heavy and most successful legal practice and other large interests, and it is not to be supposed that he would have relinquished these to become the President of a company such as the Pacific Mutual then was, and located in a city five hundred miles away. Several of the other Conservative people who have entered the official family of the Company and are still on its staff, would, for reasons similar, but in most cases representing interests of much less importance, likely never have continued in the Company's service.

Without doubt, the transfer injected new life into the organization. Los Angeles and Southern California were just starting out on their period of remarkable development and prosperity, which they have enjoyed ever since, without interruption. The Pacific Mutual has been a beneficiary of these most favorable conditions that have surrounded its home office for the last twenty-two years. It is quite within the range of the truth to say that had the Company continued in San Francisco, it would likely have received but a small fraction of the very large volume of business which the Los Angeles agencies have placed upon its books. Since 1906, its

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assets have increased more than tenfold, it has multiplied its cash income by eight, and its accident premium collections by ten and a half; its life insurance in force has grown from something over ninety-two millions to six hundred sixty-seven millions; its surplus funds, exclusive of capital, from half a million to over eleven millions. The cash capital of the merged companies was seven hundred thousand dollars. (Two hundred thousand of this amount had been added by action of the Annual Meeting, in February, 1906.) It is now four million dollars. The dividend ordered paid on the capital stock, early in 1906, was 7 per cent; the dividends for some years have been 20 per cent on par. The stock was sold then for \$165 per share; in 1926, several shares changed hands at \$1,125.

FURTHER CHANGES IN PERSONNEL.—Before the year 1906 closed, a number of changes took place in the personnel of the Board of Directors and in the official staff of the Pacific Mutual. It required a full year, in reality, to completely adjust all parts of the enlarged organization and place it on a satisfactory working basis. The great changes in the Company that occurred, in 1906, may be likened to the earthquake itself—a severe shock at first, followed by a series of shocks of diminishing intensity, until quiet was again restored. Very soon after the Company had established itself in its headquarters at Los Angeles, President Tupper resigned. His letter of resignation states that he took this step for purely personal reasons. That was at a meeting of the Board, on June 27, 1906. The Board accepted the resignation, but decided to deliberate a little as to a successor to Mr. Tupper. The Directors again convened two days later,

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

June 29th, and unanimously elected George I. Cochran, President, and Gail B. Johnson, First Vice-President.

Mr. Cochran was quite reluctant to accept this office. What it meant, in view of his large legal practice and numerous other interests and responsibilities, can be readily appreciated. Gail B. Johnson and Mr. Cochran were warm friends and had worked together in perfect harmony in the consolidation of the two companies. Mr. Cochran would have been happy to have Mr. Johnson accept the presidency. He consented to shoulder this great responsibility with the understanding that Mr. Johnson would become First Vice-President, and share with him, as far as possible, the work and responsibilities of the presidency. Mr. Johnson agreed, and stood by loyally, giving unstintingly of his time and strength and great ability, until death claimed him, in 1918. It was highly characteristic of President Cochran that he refused to accept a salary greater than that paid to the First Vice-President.

There were several other changes among the officers, in 1906. W. H. Davis resigned as Secretary, and resumed his legal practice, within a couple of months. He was succeeded by John Newton Russell, in March, 1906. Mr. Russell, an experienced underwriter, had been in the field for the Conservative Life during most of the years of that company's existence. C. I. D. Moore, late in the year, resigned as a Director, and was appointed First Assistant Secretary. About the same time, the office of Treasurer was transferred from President Cochran to Vice-President Johnson. Mr. Johnson was also made Superintendent of Agencies, a little later. Danford M. Baker, as noted in the preceding chapter,



*After the fire, the stack of vaults, which contained practically all of the Company's valuable records, with the two adjacent walls, was the only part of the building that remained standing.*





HENRY T. SCOTT  
President  
October, 1905, to February, 1906



WILBUR S. TUPPER  
President  
February to June, 1906

PRESIDENTS WHO SERVED FOR SHORT TERMS DURING THE  
TRANSITION PERIOD BETWEEN THE MOORE  
AND THE COCHRAN REGIMES

LOS ANGELES, CAL. *Dec. 13th* 1905 No. *71*

**LOS ANGELES TRUST COMPANY.**

PAY TO *Henry T. Scott* OR ORDER \$ *5000.00*

*Five thousand* DOLLARS

*Geo. J. Cochran*

THE CHECK THAT SEALED THE DESTINY OF THE PACIFIC MUTUAL

## THE EVENTFUL YEARS OF 1905 AND 1906

was brought out to Los Angeles from Chicago, in the summer of 1906, made Third Vice-President, and placed in charge of the Accident Department. Mr. Baker's years of field experience, representing the Company in both its Life and Accident Departments, fitted him admirably for the position of Assistant Superintendent of Agencies, to which he was shortly after advanced.

The following Directors had resigned from the Board before 1906 closed: George W. Scott, Wakefield Baker, P. N. Lilienthal, F. G. Drum and, as already noted, W. S. Tupper and C. I. D. Moore. Their places were taken by W. H. Davis, James C. Drake, John S. Tanner, Milbank Johnson, Isaac Milbank and E. J. Marshall, in the order named. Mr. Drake was, at the time of his election, President of the Los Angeles Trust & Savings Bank. He had previously been an officer in the navy and was in charge of the building of that famous old battleship, the "Oregon." Mr. Tanner had come recently from New York, where he was connected with large interests. Dr. Johnson, a practicing physician for several years, was at the time chief surgeon for the Southern California Edison Company. Isaac Milbank, a capitalist and resident of Los Angeles, had been manager of the Borden Condensed Milk Company in New York. E. J. Marshall was also a capitalist and was identified with several large financial and development interests, in Southern California and other places.

In October, 1906, the stockholders in special meeting authorized an increase of the capital stock from \$700,000 to \$1,000,000, an action of importance as affecting the financial solidity of the Company. The new shares were offered to the stockholders at two hun-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

dred dollars each, and were readily taken. These additional funds strengthened the surplus of the Company by \$300,000, and added a like sum to the cash capital.

COMPANY'S CONDITION AT CLOSE OF 1906.—At the close of these two eventful years, and following all the changes that had taken place, the Pacific Mutual found itself greatly enlarged and well fortified, and its management looked into the future with much confidence. The financial statement, as of December 31, 1906, showed that the cash income of the Company for the year was \$4,978,009.34, that it had admitted assets amounting to \$12,721,564, with \$97,069,420 of life insurance in force.

DIRECTORS AND OFFICERS AT CLOSE OF 1906.—The eighteen members of the Board of Directors, at the end of 1906, were W. H. Crocker, D. W. Earl, Henry T. Scott, John F. Roche, George I. Cochran, Gail B. Johnson, John B. Miller, W. H. Davis, Lee A. Phillips, Joseph H. Clark, W. W. Beckett, John R. Haynes, H. G. Brainerd, Isaac Milbank, E. J. Marshall, J. C. Drake, Milbank Johnson and John S. Tanner. The Officers of the Company were George I. Cochran, President; Gail B. Johnson, First Vice-President and Treasurer; John F. Roche, Second Vice-President and Actuary; Danford M. Baker, Third Vice-President; John Newton Russell, Secretary; C. I. D. Moore, Assistant Secretary; A. W. Morgan, Assistant Secretary and Auditor; Thomas B. Inch, Assistant Treasurer; W. R. Cluness, Medical Director; W. R. Cluness, Jr., Assistant Medical Director.



## X

# GROWTH AND DEVELOPMENT IN LOS ANGELES

1906-1927



FOLLOWING the numerous changes and adjustments incident to consolidation and reorganization and the transfer of the Home Office from San Francisco to Los Angeles, most of which, as has been seen, took place in 1906, at the opening of the year 1907 the Pacific Mutual found its house settled and in order and was in a position to give its sole attention to the prosecution of its business. The twenty-one years since then have all been years of gratifying progress, each year marking an advance over the one preceding in most, if not in all, departments of the business.

CHARACTER AND POLICIES OF PRESIDENT COCHRAN'S ADMINISTRATION.—Those years have also been notable for the harmony that has prevailed among the directors and the members of the Company's official staff and for the fine cooperation that has been given. While there have been differences of opinion, a strong purpose to conserve the best interests of the Pacific Mutual and its



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

patrons has always dominated, with the result that under President Cochran's leadership no personal animosities or dissensions have arisen to disturb the tranquillity of his administration. Whatever business ability the Company's executives and directors may have possessed, had it not been supported by a spirit of justice and of fairness leaning towards generosity—the Pacific Mutual spirit, if you please—I am satisfied that the progress that has been made could not have been achieved.

President Cochran's first report, presented at the annual meeting in February, 1907, and covering the year 1906, contains some statements in which he lays down the policy of his administration, from which I quote the following:

"The new management has unanimously decided not to enter the mad rush for 'business at any cost.' We are anxious, of course, to increase the volume of our business, but only within reasonable and proper cost limits. Rather than dissipate our surplus and reduce the dividends that properly belong to our policyholders, we are willing to grow slowly, or even to stand still for a while. We feel confident, however, of striking the happy mean and making all possible growth within reasonable expense limits. We are not working for the glory of mere growth or size. There are other glories which we consider of more importance and which require much harder work, namely, the glory of making the very best returns to our policyholders in the form of dividends and properly compensating the stockholders whose money is pledged as security for our obligations."

In another part of his report these objectives are succinctly stated: "Maximum growth at proper cost; high-

## GROWTH AND DEVELOPMENT IN LOS ANGELES

est rate of interest earnings consistent with safety; lowest mortality rate without becoming ultra-conservative and rejecting proper risks; economical management, but at the same time expecting good service and paying proper compensation for it; meeting every claim and obligation fully, promptly and without quibbling; paying the largest possible dividends to policyholders." These statements embody the chief essentials in the policy that the present management of the Pacific Mutual has followed consistently from the beginning.

**GROWTH OF NEW BUSINESS.**—In the acquisition of new business, both life and accident, there was not any marked rapidity of increase until well on in the year 1918. Up to that time, from 1907 to 1918, inclusive, the average amount of life insurance paid for annually was, using even figures, \$24,000,000, and the average amount of accident premium collections was \$1,580,000. But in 1919, production made a great stride forward. In that year there was \$71,177,949 of life insurance paid for and \$2,492,844 in accident premiums collected. The average amount of paid business annually from 1919 to 1927 inclusive was, again using even figures, \$91,000,000, which was well nigh four times the average for the period preceding the close of the World War. The average amount of accident premiums collected during the same nine years was \$4,500,000, nearly three times as much as the average preceding 1919. Some of the totals for the business done during the twenty-one years ending 1927, are quite impressive. In that period the Pacific Mutual has issued over \$1,100,000,000 paid life insurance and has collected close to \$60,000,000 of accident premiums. These

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

figures speak for themselves as to what progress the Company has been making since it located in Los Angeles.

**SOME CAUSES OF RAPID INCREASE.**—Among the causes at work that speeded up the production of new business so tremendously at the close of the war, the most conspicuous are these: A realization of the need for insurance protection which was brought home to the public by the war itself and particularly by the epidemic of influenza that swept over the world; the increased confidence in the insurance companies, all of which came through this stressful period so successfully; the popularization of the insurance idea by the action of the United States Government by placing several billions of life insurance, as well as disability insurance, on soldiers and sailors; and the advent of estate and income taxes, which made life insurance a necessity for all who had large estates to protect. The Pacific Mutual, in common with all the other companies, has reaped its share of the harvest that grew out of these unusual conditions.

**BUILDING THE HOME OFFICE PLANT.**—To keep step with the growth of its business, the Company has found it imperative from time to time to enlarge its headquarters in Los Angeles. The need for such expansion is manifest in the fact that the number of employes, including officers, at the home office when the Company located in Los Angeles in 1906, was approximately 234, but by the end of 1927 had grown to 763. In two or three years the building at Third and Hill streets became inadequate, as it was not well arranged for the Company's purpose and was lacking in vault space and in

## GROWTH AND DEVELOPMENT IN LOS ANGELES

proper protection from fire. The management, therefore, got busy and purchased the initial portion of the present site, 180 by 169.46 feet, at Sixth and Olive streets, which it acquired in 1907 for a total consideration of \$409,420.05. On the first working day of 1908, ground for a new building was broken and the first six-story unit of the present structure, which is 60 by 100 feet, was erected and occupied before the year closed. The exact date of transfer of business from Third and Hill to Sixth and Olive streets is December 14, 1908.

As the Company had lost its San Francisco home office building by fire, it was ultra careful in taking precaution against the repetition of such a misfortune. The ornate little building of classic design, which it put up as the first unit, is, therefore, as solidly constructed as a vault. The heavy steel frame is embedded in concrete, the interior partitions and floors are concrete, reinforced with steel, the interior finish is steel, all window openings are provided with rolling steel shutters, and the doorways opening from the main hallways have sliding steel fire-doors. The exterior finish is glazed ornamental tile and brick, backed up with concrete. There is no wood or other inflammable material in any part of the construction. A stack of seven heavily built steel and concrete vaults extends from the basement to the top floor, and the basement is lined with fourteen fire-proof vaults for storage purposes. The entire structure is monumental in its character.

When this first unit was completed, it was thought that the space would be sufficient for the needs of the home office for a long time to come, but in a very few years it was found that this was a mistaken notion. In



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the summer of 1915, it was decided to build at the rear end of the first unit an addition that would increase the floor space 80 per cent, of the same height and design, Class "A" construction, and so placed as to give the enlarged building the shape of the letter L. This addition was finished and occupied, by 1917. That was during the war, but before the war was ended the Company's business began to swell so rapidly, necessitating many additions to its office force, that its quarters again became uncomfortably crowded. This condition precipitated official action, late in 1919, when the Directors resolved to purchase the balance of the property in the block to the west, a piece 168.86 by 240 feet, and erect thereon a height-limit structure that would provide enough room for the Company's needs for all time to come. This new property was acquired for \$693,682.27. During the next year, building operations were begun on it, and by midsummer, 1921, the present twelve-story unit was finished and occupied, most of the space therein being leased to desirable tenants, and the balance, a small fraction adjacent to the six-story units, being used to take care of the Company's enlarged needs at that time.

Two or three years later, the Company found itself confronted with this situation: Its Accident Department was in need of more room, and the group of employes at the home office had become so numerous that the space devoted to their lunch rooms and the Health and Welfare Department was too small. There was, of course, abundant room for growth in the twelve-story unit, but the space there was all occupied by tenants on long-time, profitable leases. The Company owned a



### PACIFIC MUTUAL BUILDING, LOS ANGELES

*The six-story, twelve-story, and three-story units were erected in the order named, and during the years 1908 to 1926. The Company uses all the space in the first and third of the three units, and some adjacent space in the twelve-story unit, all the balance of the latter being occupied by tenants.*



INTERIOR VIEW OF ONE OF THE WORKING ROOMS  
*Occupied by a portion of the Accident Department's home office force*

## GROWTH AND DEVELOPMENT IN LOS ANGELES

sixty-foot strip of property on the north side of its building, extending through from Olive Street to Grand Avenue, and consisting of two pieces backing up to each other. The piece fronting on Grand Avenue was included in the purchase of the site for the twelve-story unit, and the lot on Olive Street had been bought, in 1916, for \$150,000. The Company was using the ground level of this elongated strip—it is 60 by 337.98 feet—as a parking space for the automobiles of the occupants of the building and their patrons, and had constructed below it a two-story underground garage. It was decided to put a three-story unit over this property, retaining the ground floor for a parking space, and placing on the two floors above the Accident and the Health and Welfare Departments, and the lunch rooms. This final addition was completed in 1926, and all of it was in use for the purposes designated early in the fall of that year.

SOME PACIFIC MUTUAL BUILDING STATISTICS.—Some of the facts and figures pertaining to the completed Pacific Mutual Building, for that is the name of the entire structure, are interesting and should be recorded here. The ground area of the property, which occupies the whole frontage on Sixth Street between Olive Street and Grand Avenue, is about 81,195 square feet. The frontage on Sixth is 338.32 feet, and on each of the other two streets, 240 feet. The purchase price of the whole property was \$1,253,102.32, and the total cost of all the improvements thereon, \$5,986,943.92. In the early half of 1927, a committee of examiners representing six states, and working under the direction of the National Convention of Insurance Commissioners, ap-



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praised the property—land and improvements—at \$10,791,525. Deducting the cost of the improvements from this figure would give as the value of the land, at that time, \$4,804,581.08, which is about four times as much as the land cost. The value placed on the whole property by the examining committee was \$3,877,949.07 more than the Company had taken credit for in its Annual Report for 1926. The Company charges itself a rental for the space it occupies. Since the twelve-story unit was opened, in 1921, there has been a waiting list of would-be tenants. The building yielded a return on the book value of the entire property, in 1927, of 9.40 per cent net.

SERVICE TO FOUR LARGE GROUPS.—Practically all of the activities of the Pacific Mutual are conducted with the purpose constantly in view of fully meeting the Company's obligations to four large groups of people. These are: 1. Policyholders; 2. Stockholders; 3. Field Representatives; 4. Employed Staff. I shall, therefore, in the pages immediately following, endeavor to relate to these four groups most of the major facts in the story of the Pacific Mutual in Los Angeles, to date, and in the order named.

### I. THE POLICYHOLDERS

In its Life Department and in all divisions of its Accident Department, the Pacific Mutual has a large and rapidly increasing number of policyholders, which runs into the hundreds of thousands. Theoretically, the Company was created and exists primarily to serve this group. To furnish sound insurance protection at the lowest cost consistent with safety and the proper management of

## GROWTH AND DEVELOPMENT IN LOS ANGELES

its business, is the Company's one great task. The stockholders, from time to time, have paid in their money to strengthen the solidity of the Company, and the safety of its contracts. The preparation and distribution of those contracts, and the performance of the Company's part therein, with the highest possible degree of efficiency and to the satisfaction of the insured, has been the constant and chief concern of the office and field forces.

SEPARATION OF DEPARTMENT ACCOUNTS.—From almost the very beginning, the Pacific Mutual in its Life Department has done a Participating, or dividend-paying, and a Non-Participating, or non-dividend-paying, business. To make certain that each of these two departments might always stand on its own basis, and that in all matters of accounting there would never be any confusion or mixing of the business of the two, the Directors, in October, 1908, adopted a set of resolutions specifying in detail the manner in which the accounts of each department should be kept. The capital stock, and \$300,000 of the surplus, were included in the assets of the Non-Participating business, and it was provided that all the earnings thereon and accretions thereto, and all profits, savings and earnings of the Non-Participating business, should be kept in the accounts of that business; and it was further provided that the balance of the surplus on hand should be allocated to the Participating business, and that all earnings thereon and accretions thereto, and all profits, savings, and earnings of the Participating business should be kept in the accounts of that business. These resolutions also provided that a distinct and separate set of books should continue to be kept for the business of the Accident Department, and that an

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

apportionment of the overhead expenses of the Company should be made among the three departments.

The requirements set forth in these resolutions have been complied with in every detail, with the result that each of the three departments of the Company has been credited with every dollar it has earned. So far as the practical working out of the plan is concerned, the Pacific Mutual may be regarded as having embraced, since 1908, three separate companies under one management. In this connection it should be stated that all dividends paid on the Company's capital stock have come from its Non-Participating and Accident Departments, the latter contributing the major portion. All earnings of the Participating Department have gone into the surplus of that department, from which the dividends paid to policyholders have come.

**ACTION ON ANNUAL AND DEFERRED DIVIDEND POLICIES.**—In February, 1912, the Pacific Mutual liberalized its Annual Dividend Policies by ordering the payment of a dividend at the end of the first year, conditioned on the payment of the second annual premium. This order became effective as of December 31, 1912. At the same time, the issuance of Deferred Dividend Policies was ordered discontinued. The Company had outstanding many millions of this form of insurance. It has credited to this class all of its surplus earnings from year to year, and has paid a liberal dividend on each policy as it has matured. All companies issuing Deferred Dividend contracts were abandoning that kind of insurance about the same time. The Pacific Mutual has taken excellent care of this group of policyholders, and has paid them liberal dividends.

## GROWTH AND DEVELOPMENT IN LOS ANGELES

Of the more than ninety millions of life business the present management fell heir to, in 1906, by much the larger portion was participating. All of the dividend requirements of these contracts have been liberally met. Since the beginning of 1906, and to the close of 1927, the amount paid out as dividends on policies and set aside for dividends yet to be paid, is \$28,535,038.

**PAYMENT OF CLAIMS.**—Throughout its sixty years, the Pacific Mutual has paid its claims promptly and has sought to avoid litigation. The Company has followed a very liberal policy in this connection, and has two well-organized departments for the handling of all claims, one for its life, and the other for its accident business. An account of the history and development of these departments is reserved for the next chapter. Since its organization, the Company has paid its policyholders, for all purposes, \$146,681,296. Of this amount, \$128,-964,059 has been paid since the beginning of 1906.

**EVOLUTION OF THE LIFE POLICY.**—While some reference has been made here and there in previous chapters to the coverage and conditions of life policies prior to 1906, and much of the story of their evolution belongs to that period, I think I cannot do better than give here, even with the repetition of quite a few facts already noted, the complete story of the development of the policy contracts, as it has been prepared by Miss Faith Acosta of the Actuarial Department. The following paragraphs on this subject are, therefore, hers.

**"EARLY CONTRACTS.**—Our early policy contracts, issued in 1868, and for a number of years subsequent, were marvels of simplicity and lack of coverage, as compared with the present-day contract. There was but



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one real benefit—the death benefit, and provision was made that this would be paid within thirty days after the filing of proofs, provided the death of the insured had not resulted from the violation of any of the numerous restrictions placed in the contract.

“These restrictions are of interest, for they so clearly bespeak the strenuous times our country was experiencing during the latter part of the nineteenth century. For instance, unless the consent of the Company was obtained, no insured could reside outside the settled limits of the United States, except in the settled limits of the two Canadas, Nova Scotia or New Brunswick; or, north of the fiftieth degree of North Latitude; or, except in the State of California, south of the parallel of thirty-six degrees, thirty minutes, North Latitude, between the First of July and the First of November. This practically obliged the insured to reside in the extreme southeastern portion of Canada, or in such sections of the United States as lay north of Arizona, Arkansas, Tennessee, and North Carolina. However, he was granted the privilege of making a voyage as a passenger to and from Europe in a first-class sailing vessel or steamship. Death as a result of a violation of any of the above restrictions, or from dueling, suicide, or the acts of hostile Indians while traveling west of the one hundredth degree of West Longitude, namely, west of the center of the states of North and South Dakota, Nebraska, Kentucky, Oklahoma and Texas, or from engaging in any of numerous restricted occupations, rendered the policy void, and all payments made thereon were forfeited to the Company.

## GROWTH AND DEVELOPMENT IN LOS ANGELES

"The premium for such a policy had to be paid, when so stipulated, in the 'lawful gold coin of the United States,' and only upon payment of interest was a grace period allowed for the payment of such premium.

"EDITION OF 1894.—Slight liberalizations were made with each new edition of contract placed in issue up to the edition of 1894, which included some rather radical changes. With that edition, the death benefit became payable 'upon due notice of satisfactory proofs of death.' Except for non-payment of premium, the policy was made incontestable after two full years' premiums had been paid. As a safeguard, however, against such latitude, a provision was inserted which gave the Company the right to terminate the contract under certain conditions. Also, non-forfeiture values were placed in the policies and all restrictions as to travel and occupation, except as set out in the war clause, were removed.

"This decided trend toward additional benefits and increased coverage, gave rise, during the next decade, to the insertion of a loan provision, of a change of beneficiary clause, of options providing for payment of the death benefit in other than one sum, and even of a benefit which granted additional payments in event of accidental injury.

"DEVELOPMENT OF PERMANENT TOTAL DISABILITY BENEFITS.—It was in 1904 that the Pacific Mutual began pioneering in a field which has today become as much a vital part in its life insurance coverage as has the death benefit itself, namely, the coverage in event of permanent total disability. Since that time, while our contracts have steadily improved in clarity, set-up, and appearance, the decided advance has been along the

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line of the permanent total disability benefit. This benefit, for which no charge was exacted, originally provided that in the event of the insured becoming permanently totally disabled, the face amount of the policy would be paid in ten annual instalments, aggregate payments, however, never to exceed \$10,000. From time to time, as opportunity arose, changes were made in the benefit with a view to giving the insured more complete protection.

"With the edition of 1918, a new type of benefit was developed, one which provided for a permanent total disability benefit entirely separate and distinct from the death benefit. This new clause, in the event of a claim, provided for a monthly income of ten dollars for each one thousand dollars of the face amount of the policy to the insured for life, and on the insured's death, paid the face amount of the policy to the beneficiary. Further, the Company waived the payment of all the premiums due on the contract from the commencement of such disability.

"The highest peak in the evolution of the permanent total disability benefit has been reached with our present 1-24 edition contracts, under which premiums are waived and a monthly income of fifteen dollars for each one thousand dollars of face amount is paid in the event of a permanent total disability claim. This clause is superior to those preceding it for the reason that in the event of a disability not evidently permanent, a total disability of ninety days' duration is considered sufficient justification for starting payment of a claim. Thus a much greater number of insured are protected for loss of ability to earn a livelihood than have heretofore been

## GROWTH AND DEVELOPMENT IN LOS ANGELES

covered. For this benefit a direct premium is charged, such premium varying with each form and age. No direct extra charge was made for permanent total disability coverage prior to this time. The amount paid under this benefit, on policies carrying no direct extra premium charge for it, down to the close of 1927, was \$700,000, which may be regarded as a special dividend to such policyholders. In addition, \$1,364,377 has been set aside as a reserve for claims already incurred, and for which the policyholder is now actually receiving benefits.

"Thus, with the development of the permanent total disability benefit, the protection afforded by the insurance policy became twofold: The insured being protected in the event of permanent disablement, and the beneficiary in the event of the death of the insured.

"ACCIDENT AND SICKNESS AND ACCIDENTAL TOTAL LOSS BENEFITS ADDED.—It was then recognized that there were other hazards which, if covered, would give practically complete protection, as far as personal insurance was concerned. For instance, a temporary disability caused by accident or sickness, even if of short duration, oftentimes works havoc with a man's earning ability. Because of its Accident Department, the Pacific Mutual was particularly fortunate in being able to prepare forms which would cover these contingencies. Consequently, as early as 1904, steps were taken to bring into being contracts which for a single premium would grant this complete coverage, and riders were printed to attach to the life policy which provided a weekly indemnity in the event of disability caused by accident or by certain listed diseases. Later, the provisions of these



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riders were printed in the life contracts themselves, and, finally, as the need for such insurance increased, separate policies were prepared. These later forms granted an indemnity in event of a disability from either accident or disease, and carried an additional provision, first put out in 1915, and known as the accidental total loss benefit, which paid a certain sum, usually the face amount of the life policy, in the event of the insured losing his life, two limbs, or the sight of both eyes from accidental causes. These contracts were prepared to insert between the pages of the life policy. They also marked a further advance in this type of insurance in that the income was to be paid monthly, and coverage for sickness disability was no longer limited to certain diseases.

"OLD AGE INCOME BENEFIT.—There still remained a further hazard to be guarded against—that of a dependent old age. Therefore, in 1915, our life policies were issued with an old age income benefit, which gave to the insured the privilege of surrendering his life policy at the time he reached the age of sixty-five years, and receiving in lieu thereof a life income, payable monthly. This became the life income benefit of our recent contracts, and under endowment policies is made available to the insured at the time the endowment matures.

"'IT PAYS 5 WAYS.'—In this way the five great hazards—sickness, accident, permanent total disability, old age and death—were covered by one company, and the contract, introduced by the slogan, 'it pays 5 ways,' has become known from coast to coast.

"The contracts we are now delivering to our insured are the product of the conscientious effort of the Company to give the best possible service. They grant to the

## GROWTH AND DEVELOPMENT IN LOS ANGELES

insured accelerating, dividend, and non-forfeiture options, loan and restoration provisions, and a most modern type of settlement options, which places at the disposal of the insured numerous methods of providing for payment of the death benefit to his beneficiaries. They are contracts incontestable by the Company after the first year, and entirely free from restrictions as to travel and occupation, except for service with the Army or Navy in time of war. Even such restriction, except as it relates to the permanent total disability benefit, is waived after the policy has been in force three years. Thus, from every angle, the Pacific Mutual's policy forms are found to be exceedingly modern and liberal."

ACCIDENT POLICY CONTRACTS.—The policies issued in the Accident Department have been liberalized and broadened in their coverage, from time to time, and have kept pace with the evolution of the life contracts. In its Commercial, Railroad, Monthly Premium and Non-Cancellable Income divisions, the Department has constantly striven to meet the needs of the insuring public by improving its contracts and increasing the efficiency of its service.

COMMERCIAL POLICIES.—When the department was organized, in 1885, the Company at first issued commercial policies only. Brief account has already been given, in the chapter on the San Francisco period, of some of the earliest improvements in these contracts. They have always been written largely among business and professional men, and have been framed to meet the needs of that class for indemnity for loss of time because of accident or illness.

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As we have seen, in the first policies issued, in 1885, a limit of thirty weeks was fixed for the payment of indemnity for total disability caused by an accident, and it was provided that whatever might be thus paid to the insured, should be deducted from the principal sum in the event of subsequent accidental death. In 1886, this provision was removed and a new feature added which called for the payment of one-half the principal sum in the event of the loss of both eyes or two entire limbs. As an indication of the times, death from dueling was not covered in these earliest policies.

In 1893, the next improvement was made when the period for indemnity payments was increased from thirty to fifty-two weeks, and the first health insurance was provided in a policy endorsement that granted indemnity for a limit of twenty-six weeks for total disability resulting from any one of five specified diseases—diphtheria, measles, Asiatic cholera, yellow fever and erysipelas. This was the first sickness insurance issued. Two years later, the doubling benefit for travel accidents was introduced. This 1895 issue contained several other new features, such as indemnity for the loss of but one eye or one limb, a schedule of fixed indemnities for fractures, dislocations and amputations, and the removal of the restriction as to dueling. In these policies the application was copied for the first time.

The next improvements appeared in 1900, when a partial disability clause pertaining to accidents was introduced, and double indemnity coverage was increased to include bicycle riding, except in races. This last feature was dropped later. In 1903, full health coverage was granted under which benefits were payable only in

## GROWTH AND DEVELOPMENT IN LOS ANGELES

the case of house confinement, and for a limit of twenty-six weeks.

To encourage the renewal of policies, the Company, in 1905, added the cumulative feature—a 10 per cent increase of the principal sum annually for five years, such accumulation to remain as long thereafter as the policy was kept in force. In 1906, a partial disability for accidents was added, and the limit for sickness benefits was increased from twenty-six to fifty-two weeks. In 1907, the non-house confining feature for total disability from sickness first appeared.

In 1909, the first unlimited accident indemnity policy was issued. This policy also provided optional indemnities for certain scheduled injuries, surgeons' fees for non-disabling injuries, and hospital charges. Sickness benefits for house confinement were payable at full rates for a limit of fifty-two weeks, and for non-house confining total disability for a limit of twenty-six weeks.

To meet competition, in 1910, fully accumulated policies were issued, that is, with each five dollars' weekly indemnity, the principal sum was \$1,500, instead of \$1,000. In this year, a number of changes were made to conform accident policies to the standard provision laws passed in many states and still in operation.

Since 1910, the coverage afforded by Commercial Policies has remained much the same, as the improvements in such policies had reached, if not passed, the limit that was desirable and safe. There have been a few special features introduced since that year, such as X-ray examination and nurses' fees and, the most recent extension, coverage for aerial passengers if injured or killed while riding as fare-paying passengers in a licensed



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

commercial aircraft, operated by a licensed transport pilot and flying a regular civil airway between definitely established airports.

RAILROAD POLICIES.—These policies, designed to provide suitable coverage for railroad operatives, were in the early days limited to fifty-two weekly benefit payments, and the coverage for sickness was restricted to certain specified diseases. The policy forms were small, printed on both sides of a single sheet, in book form, carried in the agent's pocket, and issued by him at the time the application was taken. They were later greatly improved, the coverage was extended to 104 weeks, larger principal sum amounts were paid for loss of limbs and eyesight, and the present Keystone Special Railroad Accident and Sickness Policy finally evolved. This excellent contract provides unlimited monthly indemnity, the payment of the principal sum for the loss of one limb or one eye, double the principal sum for the loss of both hands, feet or eyes, or any combination of two members, hospital benefits, surgeons' fees, accumulations and the return of the premiums paid in case of accidental death. Accident, only, policies are also issued up to \$5,000 principal sum, increasing 10 per cent annually for five years.

The railroad employee has from the beginning paid his premiums through the paymaster's office, a deduction being made monthly from his wages, or he may make his payments in larger and fewer instalments, if he so desires. More will be said about the Railroad Division of our business in the next chapter, dealing with the Company's departments.

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**MONTHLY PREMIUM POLICIES.**—The policies issued in the Monthly Premium Division provide insurance for small insurers, usually wage earners whose income would cease in case of disability. As the name of this division indicates, the premiums are payable each month, but the insured has the privilege of paying quarterly, semi-annually or annually, if he wishes.

Monthly Premium Policies, which at the first called for small indemnities for disability resulting from accidents and only a limited number of specified diseases, have been liberalized and extended both in amount of indemnity and the coverage provided. Since the first issuance of this plan of insurance, in 1903, the Company has served a large number of industrials through the Monthly Premium Division and has paid out more than four million dollars in claims, the average amount of which has been small. A more complete sketch of the division's history and business appears in the following chapter.

**NON-CANCELLABLE INCOME INSURANCE.**—In 1918, an entirely new field in accident underwriting was entered by the Pacific Mutual. Up to that time, all contracts providing disability coverage were cancellable at the discretion of the Company. Moreover, the period of disability for which indemnity was provided, was limited. Because of these two facts, policyholders often found themselves without insurance protection when they needed it most. The need of a form of insurance, therefore, that would be non-cancellable and provide indemnity without limit as to duration of disability, was a real need, and one which had received considerable thought and discussion in underwriting circles.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

The problem that required solution in order to make such a form of insurance possible, was how to frame a contract that would provide the needed coverage at a reasonable rate, safe for a company to issue. To this task Vice-President Baker particularly addressed himself, and with the assistance of others in the Company, prepared the first Non-Cancellable Income Policy.

Mr. Baker is the father of the Non-Cancellable Income Policy as issued by the Pacific Mutual. His original memorandum to President Cochran, dated May 17, 1918, sets forth his reasons for such a policy, and I quote from it at length here.

"I beg to submit the following facts and argument in favor of issuing a Non-Cancellable Disability Policy:

"All accident companies are now issuing a cancellable disability policy which, on a basis of \$10,000 principal sum, accumulating to \$15,000, and doubling to \$30,000, with fifty dollars' weekly indemnity, doubling to \$100 weekly indemnity for travel accidents, and fifty dollars' weekly indemnity for disability due to sickness, providing payments for partial disability, surgeons' fees, hospital benefits and, in some states, beneficiary insurance, at an annual premium of \$120 per year. In other words, the present form of policy has, from time to time, been liberalized until it now contains so many frills that the loss ratio has gone to the point where it is next to impossible to make any underwriting profit on the business.

"When we secure information, through the payment of claims or otherwise, that a risk is suffering from any recurring disease, it becomes necessary to cancel the policy, thus preventing the insured from having protection against long periods of disability; therefore, from the

## GROWTH AND DEVELOPMENT IN LOS ANGELES

insured's standpoint, when he needs protection the most, he is unable to secure it.

"I propose to issue a policy providing for \$10,000 principal sum, with no accumulation or doubling features, which will pay fifty dollars per week in case of total disability only, for a period not exceeding 240 months, which cannot be cancelled until the policyholder is sixty years of age. The issuance of the policy is to be based upon a thorough medical examination and inspection, and the applications will only be approved, and the policies issued, at the home office, following exactly the plan now in use in the Life Department. We believe that if the applicant is physically and morally fit, the Company should be willing to name a premium that will give him absolute protection during his active business period.

"On the theory that business and professional men of good incomes do not need to insure against the loss of a few weeks' disability, we propose on one form of policy to deduct three months from every claim presented, and on another form to deduct one month from every claim presented (the larger the income of the policyholder, the less he cares for small indemnities). It is for this reason that all frills calling for small payments are eliminated and, in order that there can be no misrepresentation on the part of the agent, we would endorse across the face of the policy, in bold type, the statement that this policy does not pay for the first three months' disability, on one form, and likewise a similar endorsement on the policy deducting one month's disability from all claims.



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"The premium on the policy not paying for the first three months would be sixty dollars per year, and on the policy not paying for the first month's disability, it would be \$110 per year.

"We find from our experience that the actual net losses under the cheaper policy would be twenty-two dollars per year, and on the more expensive policy, the losses would be forty dollars per year; so in naming the rates we have practically figured on a 36 per cent loss ratio. This is in comparison with the loss ratio on our total Accident and Health business in the Commercial Department of 44 per cent.

"We propose to reduce the acquisition cost on this form of insurance materially by putting it on about the same basis as our life business; in other words, the general agent would receive 50 per cent commission the first year, and 20 per cent thereafter, which would make the total average acquisition cost about 30 per cent, as against our present average acquisition cost of 40 per cent.

"If my figures are correct, this business will result in a margin of profit of over 20 per cent to the Company and, at the same time, do away with the present evils of the business; namely, high acquisition cost and the elimination of frills, and I truly believe that the business will be more attractive both to the policyholder and agent.

"To describe the policy in a few words, it is simply enlarging upon our present form of permanent total disability clause. The above plan is a clean-cut proposition, as it eliminates all small claims, thus doing away with a large part of our adjusting, as the average period

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of indemnity, as shown by the experience of the Company, is two weeks and six days.

"Very few of the Massachusetts life insurance companies sell a permanent total disability clause or a doubling benefit feature, and, in my opinion, the agents of those companies would be attracted to this form of policy, as it would enable them to meet the competition of the other large companies which have such features.

"This form of insurance would be persistent and could be renewed on a premium notice in exactly the same way our life business is renewed, and I would be in favor of incorporating in the contracts of our general agents a 'nine renewal commissions certain in case of termination' feature."

The plan, as outlined in this communication, was approved by President Cochran.

It was decided to limit this new policy largely to business and professional men earning such incomes that a short term of disability would inflict no great hardship in their finances, and who would, therefore, be agreeable to accept a policy that would provide an indemnity after the disability had existed for up to three months. Moreover, the elimination of short terms of disability would make it possible to charge a premium low enough to be attractive to the insured. The original form of coverage provided for the payment monthly of an indemnity, for an unlimited period of total disability—for the balance of life, should such disability continue that long—caused either by bodily injury or sickness, benefits to commence after the first three months of disability. A flat premium of twenty dollars was fixed for each one hundred dollars' monthly indemnity, up to

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

the age limit of sixty, and with an indemnity limit of \$1,000 dollars per month. These policies were first placed on the market in August, 1918, and had a ready sale from the beginning.

To meet popular demand, a little later Non Cancelable Policies were issued also with two months, one month, two weeks and no elimination periods. Competition soon entered the field, and in order to meet this competition the coverage was extended to provide for the payment of the full monthly indemnity for life, in the event of the loss of two limbs, or the sight of both eyes, with the payment for life of 25 per cent of the monthly indemnity in the event of the loss of one limb, and 10 per cent in the event of the loss of the sight of one eye. Also, the age limit was extended to sixty-five.

The Pacific Mutual was really pioneering in this new field, and did not have a true actuarial basis upon which to build its first premiums. In 1921, after having gathered an experience of over two years, it became evident that the rate charged was not adequate. Experience also demonstrated that instead of a flat premium at all ages, the premium should be graduated by ages, as in life insurance practice. It was also deemed advisable to limit the amount of indemnity issued to five hundred dollars per month, and to discontinue the issuance of the no-elimination form. These changes were all made and the age limit was fixed at fifty-five, with renewal through age sixty-one.

As a large amount of insurance was written and the Company's experience widened, the necessity for further changes became apparent, and in July, 1926, a new issue of Non-Cancellable Policies was put out, their coverage



JENS SMITH  
*Manager, Chicago*



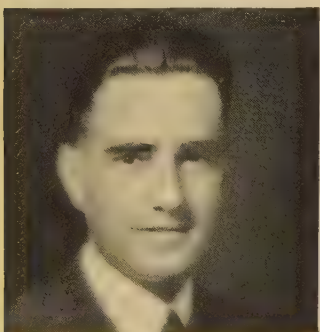
GEORGE F. KECK  
*Manager, Chicago*



W. B. SNOWDEN  
*Manager, New York and Newark*



DE LANCEY LEWIS  
*Manager, San Francisco*



THOMAS C. NICHOLLS, JR.  
*Manager, New Orleans*



JOHN J. CROWLEY  
*Manager, St. Louis*

BRANCH OFFICE MANAGERS





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broadened by the addition of a partial disability indemnity and a hospital indemnity feature. The premium rates were adjusted upward in accordance with experience and to provide the additional benefits.

The Non-Cancellable Policy has been a popular one with the class of insurers for whom it is intended. There were, at the close of 1927, approximately 38,000 business and professional men carrying this form of insurance with the Pacific Mutual, a select group of citizens scattered throughout the United States. The three months' elimination is the plan they have preferred. In 1927, 73 per cent of the Non-Cancellable Policies sold were on this plan. The two weeks' elimination plan was sold but little and was withdrawn, leaving but three forms, with one, two, and three months' elimination periods, in the market.

This policy has been equally popular with the field force of the Pacific Mutual. It has been an important feeder for the Life Department's business; as being something new and desirable it has given the Company's representatives an entree to the best class of insurers and has resulted in the sale of life insurance also in many cases. From August, 1918, to the end of 1927, the Company collected \$15,000,000 in Non-Cancellable premiums. The business has shown a steady increase from year to year.

PACIFIC MUTUAL INDEMNITY COMPANY.—When the Pacific Mutual, deeming it inadvisable to comply with the requirements of the Armstrong Law in New York, withdrew from that state, in 1906, it organized in that year a subsidiary company primarily to take care of its accident business in New York. That was the Pacific

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Mutual Indemnity Company. It was capitalized for \$100,000, and manned by Pacific Mutual Life officers and directors. When the latter Company again entered New York for its accident business only, in 1913, there was practically no further need for the continuance of the Indemnity Company. Its business was taken over by the Pacific Mutual, in April of that year, but the company was not dissolved until 1918.

EXPERIENCE AND SERVICE DURING THE WAR.—The great disturbance to all interests and activities the world over, during the period of the war, with its concomitant and following evils, particularly the influenza, naturally affected the experience and procedure of all life insurance companies and made necessary some changes and adjustments affecting their policyholders. The Company's mortality rate, in 1918, when most of the influenza losses occurred, was 104.6 per cent of the expected rate. These losses ran well over into 1919, in which year the rate was 63.6 per cent. During the six months ending March 16, 1919, which practically covered the "flu" period, there were 444 death claims aggregating \$1,004,285, ninety-one of these losses occurring in the first policy year. In the same period, there were 3,143 disability claims, calling for \$115,678.15.

The heavy death losses, as was the case in all companies at the time, seriously affected the Pacific Mutual's dividend paying ability. There was not only no saving from mortality, in 1918, but the Company had to draw on surplus funds to some extent to pay its death losses. Early in 1919, pursuant to action of the Board of Directors, the dividend scale in use at the time was reduced

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50 per cent. It required several years to return to the level of that scale.

In February, 1917, the Company began to receive inquiries as to what position it would take in respect to its policyholders entering military or naval service. Under the conditions then existing, a circular letter was addressed to the field by President Cochran, wherein it was stated that under policies applied for on or before February 2, 1917, the Company would, on written request of the insured, issue a permit to engage in service with the military or naval forces of the United States in time of war, until January 1, 1919, such permit to be granted without charge. It was further indicated that the Company would continue such permit in force beyond January 1, 1919, upon payment of an extra premium, the amount of which could not at that time (February, 1917) be specified. It was emphasized that no permit would be granted covering accidental total loss or temporary accident and sickness disability.

As the international situation progressed, the Company's war coverage regulations were modified from time to time. The regulations issued during the period of the war may be summarized as follows:

(1) Under policies applied for on or before April 6, 1917, it was agreed to issue a permit providing coverage without limitation as to the branch of service or whether the insured served within or outside the United States, without charge until January 1, 1919. It was further agreed that such unlimited coverage would be continued beyond January 1, 1919, and until the end of the war, on payment of an extra annual premium of fifty dollars per \$1,000, although no such extra premium would be



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required while the insured remained in continental United States and did not enter the aviation or submarine branches of the service. It was specified that permanent total disability coverage would obtain only while the insured remained within continental United States and did not enter the submarine or aviation branches of the service. It was further provided that in event of a claim occurring, under conditions not covered by the permit, the Company's liability would be limited to the return of premiums paid for the life insurance.

(2) Under policies applied for after April 6, 1917 (except those of the January, 1918, edition), it was agreed that a permit would be granted providing coverage while within the United States (not including aviation or submarine branches) until the end of the war without charge, coverage for permanent total disability being included under the permit.

In event of a claim arising during or within six months after the engagement of the insured in military or naval service outside of the United States, or in the aviation or submarine branches, irrespective of whether he was within or outside of the United States, it was understood that the liability of the Company would be limited to the return of premiums paid with simple interest at 6 per cent per annum, and payment of any dividends under the policy.

It was further provided that in order to obtain a permit for service outside of the United States, or in the aviation or submarine branches, a very substantial extra premium would be required, such premium being graded up according to the amount of insurance carried, and

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varying according to policy form and according to whether or not the insured had enlisted in the aviation or submarine branches. It was stipulated that coverage for permanent total disability would not be covered by this permit.

(3) Under policy forms of the edition of January, 1918, coverage for service within the United States, but not including the aviation and submarine branches, was extended without extra premium. Coverage for service outside the United States, or for service in the aviation or submarine branches, was extended upon payment of an extra annual premium on the same basis as that provided for policies under paragraph (2).

The Company specifically agreed that on all policies upon which an extra premium had been paid for war coverage, within one year after the termination of the war, such portion of the extra premiums actually paid that had not been required to cover the war hazard would be returned to the insured.

It was further specifically provided in these regulations that under all policies issued after April 6, 1917 (including those in the January, 1918, edition), when the policy had been two years in force, provided the insured was at that time not less than forty-six years of age, the naval or military restriction would be waived by the Company, and a statement to that effect furnished all policyholders requesting it.

Ultimately, and following the close of the war, all the war claims were paid in full and all extra premiums which had been collected were returned to policyholders, which meant in effect that all policyholders engaged in

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

service during the war were accorded the same treatment as that enjoyed by civilian policyholders.

During the course of the war, there were 172 members of the Company's office and field forces engaged in the service of their country. The Company was remarkably fortunate in that in this large group not more than three paid the extreme penalty. The losses from the influenza, amongst those in the Company who did not enter the service, were also very few. Numerous activities in furtherance of our country's cause in the war were carried on by our home office group, and both the men and women were organized for that purpose.

**POLICYHOLDERS' NEWS.**—Since 1909, the Pacific Mutual has endeavored to establish a closer contact with its policyholders by publishing and mailing to all life and, subsequently, to all non-cancellable, policyholders, special issues of its publication, **PACIFIC MUTUAL NEWS**. From 1909 to 1922, inclusive, two issues each year, February and August, prepared especially for the information and benefit of policyholders, were gotten out. Since 1922, the Company has limited this special issue to one each year, and that immediately following the annual meeting in February, and has concentrated upon that one issue to make it as interesting and informing to policyholders as possible. The number of each of these issues has averaged well over 200,000 copies.

**POLICYHOLDERS' MONTH.**—In 1917, the Company designated March as Policyholders' Month, and has followed that practice annually since that time. The purpose of such a month has been to secure the maximum of effort from the representatives in the field in the matter of calling upon and giving service to policyholders.

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This has established a closer and more helpful relation between the underwriter and his clients in a large number of cases, and has meant to the policyholder a proper adjustment of his insurance, from time to time, to his actual and changing needs. Another result, viewed from the standpoint of the benefit gained by both the Company and its representatives, as well as the insured, has been the placing of additional insurance on policyholders. In every Policyholders' Month, there has been a consistent effort to make service to policyholders, in every form in which it can be rendered, the paramount consideration.

### 2. THE STOCKHOLDERS

President Cochran, as previously quoted, in his first annual report made reference to the duty of "properly compensating the stockholders whose money is pledged as security for our obligations." The stockholders have paid several million dollars into the treasury of the Pacific Mutual and, particularly because of the stringent constitutional provision as to their liability, cited in a previous chapter, they have much at stake. While they have been satisfied to receive no returns on their investment from the Company's participating business, their stock, because of the California legal strictures just mentioned, is in effect a special surplus for the protection of all policyholders, participating included.

INCREASES OF CAPITAL STOCK.—The capital stock of the Company was increased twice during the San Francisco period, from \$100,000 to \$200,000, in 1897, and from \$200,000 to \$500,000, in 1901. There were two increases in 1906, one in February, when \$200,000 was



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added and exchanged for Conservative stock, and another increase of \$300,000 in October, bringing the total up to \$1,000,000. In 1919, there was a further increase of \$200,000, and one of \$300,000 in 1920, making the total \$1,500,000. In 1925, this was doubled to \$3,000,000, and early in 1927 another million was added, so that the total capital stock, at the close of the Company's sixtieth year, was \$4,000,000.

The shares throughout have remained at \$100 par. The increase in each case was offered to the stockholders at a premium, was taken by them with practically no exceptions, and in every instance was paid for in cash. The total amount paid into the treasury for the \$4,000,000 capital stock, was \$6,000,000. The surplus secured from these increases has, by action of the Directors, been placed to the credit of those departments of the business where in their judgment it was most needed.

DESIRABILITY AS AN INVESTMENT.—The amount paid in dividends on the capital stock, since the present management took charge, and to the end of 1927, was \$6,152,096.22. The source of these dividends, as already explained, was the profits earned by the Non-Participating Life and Accident Departments.

On July 2, 1906, a few days after he was elected to office, President Cochran said this in a letter to the stockholders: "As shareholder, let me remind you that your Company, with its \$100,000,000 in force, and an income of \$4,000,000 per year, and a profitable and large accident business, and preeminently the Company of the prosperous and growing West, is a wonderfully valuable property, and if your President, and Vice-President Johnson, and our splendid corps of assistants, do

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their duty, your stock will always be an increasingly valuable possession."

The prophecy involved in that statement has been abundantly fulfilled. At the close of 1927, the market value of the stock was \$850 per share. It has sold at as high as \$1,125. There were, on December 31, 1927, 458 Pacific Mutual stockholders. Slightly over one hundred of these were employes of the Company other than officers. In the sixty years of the Company's existence, the stock transfers have not been numerous. The number of the last certificate, issued in 1927, was 4,940. There are 40,000 shares outstanding.

### 3. THE FIELD REPRESENTATIVES

Again referring to President Cochran's first annual report, we find he had this to say: "The new management is gradually becoming acquainted with the agency forces of the Company, and we have no hesitation in saying that we are represented in the field by a splendid force of most efficient and high-class people. It is the aim of the home office to be on intimate terms with the field force, and to aid them in every way in their work, as we believe the agency work is the most important and, in fact, the all-important work of the Company."

At no time since that statement was made has the management had any feeling or attitude towards its field forces different from this. One of the first important issues the new management had to decide was whether or not the Company would continue in the State of New York, where it had a somewhat small amount of insurance in force. The decision made was to withdraw from that state rather than disturb the entire field force by

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reducing their compensation, as required by the Armstrong Law of 1905.

Mr. Cochran's remarks on this subject, in his report from which I have just quoted, were: "While the so-called Armstrong Laws have compelled our 'giant' competitors in New York to diminish very materially the compensation heretofore paid to their agents, we have withdrawn from New York rather than submit to these restrictions. We believe that in order to secure proper service from the right kind of agents, it is necessary to pay larger commissions than those allowed by the Armstrong Laws. While economy is the order of the day, it should not fall too heavily on any one department of the Company, and especially upon such an important branch of the business as the Agency Department."

GENERAL AGENTS AND MANAGERS.—From the beginning, the Pacific Mutual has operated on the general agency system. The general agent is given exclusive territory and is compensated by commissions paid on the business his agency produces. The Company looks to the general agent to appoint the soliciting agents and to develop his territory. The latter enter into a contract with the general agent, to whom they are directly responsible, and are also paid a commission on the business they secure. In a few cities where the Company had a considerable amount of old business and the general agent retired or died, a branch office has been created, in several instances, and a salaried manager placed in charge. In these agencies the Company assumes full responsibility for conducting and financing the agency.

At the beginning of the present regime, the Company had seventy agencies, life and accident, the general agent

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in a good many instances holding a contract in both departments. By the close of 1927, the number had increased to 141 agencies. Five branch offices came into existence during the period. When Vice-President Baker gave up his Chicago agency and came to the home office, in 1906, that agency was converted into a branch office. A branch office was created in New York when the company reentered that state for its accident business, in 1913; in San Francisco, where Kilgarif & Beaver were general agents for so many years, in 1922; in New Orleans following the retirement of the Dinkelspiel Agency, in 1925; and in St. Louis late in 1927, at which time John J. Crowley was appointed manager on the retirement of Samuel Polk.

AGENCY CLUBS AND CONVENTIONS.—The responsibility for securing new business, appointing general agents and managers, and directing all activities in the field, rests with the Agency Executive Department. A brief sketch of the history of that department will appear in the next chapter. The department has organized several clubs, conducted many contests and held a number of conventions for the purpose of bringing the men in the field and Company officials into closer and more helpful relations, of stimulating the production of business, and of improving its quality.

The outstanding club in size, and perhaps in importance, is the BIG TREE CLUB, so named because of the Company's emblem or trade-mark. It consists of those representatives who secure a certain volume of paid-for business each year. At first the amount was \$100,000, but at the beginning of 1925, it was increased to \$200,000. The club is open to both life and accident



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

agents. It elects its own officers and operates under a constitution, which the Company reserves the right to interpret or amend. In practice, however, there have not been any amendments adopted without the knowledge and approval of club members.

The BIG TREE CLUB was organized in 1915, at the time of a convention of agents held in connection with the Panama-Pacific Exposition in San Francisco. A group of general agents and Company officials meeting at the home office in Los Angeles, worked out and agreed upon the plans for the club, which were put into operation soon after. The club has had a number of conventions, but not annually. In recent years the members have been meeting biennially.

Another important club is the APP-A-WEEK CLUB, created for the purpose of securing regularity in production of business by writing at least one application for insurance every week. It was organized early in 1923, in which year it had eighty-six members who continued in the club throughout the year. In 1924, there were fifty-eight such members; in 1925, sixty-three; in 1926, fifty-six; and in 1927, fifty. Of these last, thirteen have held their membership throughout the five years, a quite unusual record.

The general agents of the Company, when at the home office, in 1915, effected an organization of their group known as the PACIFIC MUTUAL AGENCY ASSOCIATION. They have met annually, and in the years when a BIG TREE CLUB convention was held they have held their meeting at the same time and place. The association finances its own activities and has done constructive work relative to agency building and the solution of



JOHN S. FABLING  
1916  
*Denver, Col.*



FRANK B. SCHWENTKER  
1917  
*Albuquerque, N. M.*



JOHN NEWTON RUSSELL, 1915  
*Los Angeles, Cal.*



FRANK FITTS, 1918  
*Tuscaloosa, Okla.*



M. J. DILLON, 1919  
*St. Paul, Minn.*

PRESIDENTS PACIFIC MUTUAL AGENCY ASSOCIATION



E. S. MARTIN, 1921  
*Farmville, Va.*



M. W. HARDY, 1922  
*Little Rock, Ark.*



W. R. LETCHER  
1923  
*Jacksonville, Fla.*



C. C. DAY  
1924-1926  
*Oklahoma City*



JOSEPH M. GANTZ, 1927  
*Cincinnati, Ohio*

PRESIDENTS PACIFIC MUTUAL AGENCY ASSOCIATION

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problems that confront the general agent in securing and developing men and in promoting the best interests of his organization and business.

While the Company, for several years following 1906, assembled certain agents in some years who had qualified for special recognition, it did not bring together a group of its representatives of convention proportions until the summer of 1915. At that time, the assembled delegates spent several days at the Panama-Pacific Exposition in San Francisco, the Panama-California Exposition in San Diego, and at the home office in Los Angeles. It was a memorable occasion for those who were fortunate enough to be present, because of the unusual attractions offered by the two California expositions. Out of the meeting at the home office grew the BIG TREE CLUB and the AGENCY ASSOCIATION, as already noted.

The BIG TREE CLUB met in St. Louis in 1916, New Orleans in 1917, the Yosemite Valley and Los Angeles in 1918, Pittsburgh in 1919, Los Angeles in 1921, and again in 1924, and at Colorado Springs in 1926. In 1920, 1923 and 1927, there were no conventions held, Company officials in those years visiting the agencies and calling the men in for conference at each point. In 1922, the Company divided the whole field into four regions and held regional conventions at San Francisco for the Pacific Coast, Estes National Park for the Mountain region, Chicago for the Central and Eastern regions, and at Atlanta for the Southern region.

The gathering at the Yosemite Valley, in 1918, the Company's Jubilee Year, was the most memorable of all these conventions, because of the occasion and the unusual interest that attached to the place of meeting. The



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

delegates all visited the Big Tree—"Wawona"—in the Mariposa Grove, twenty-five miles distant from the Valley, and were photographed in a group about the base of the Company's unique trade-mark. Besides the members of the BIG TREE CLUB, there were in attendance at this convention the wives of club members, general agents and managers and their wives, all active soliciting agents who had been with the Company ten years or more, and who were known as the "Old Guard," and their wives, and a number of Company officials and others from the home office. An accident coming out of the Valley when a bus carrying twenty-one of our people left the road, went down an embankment, and landed upside down among the huge rocks, came near marring this great occasion. Luckily none was killed, and but two or three were more or less seriously injured, all of whom later recovered.

The Company has financed all of these conventions. As the management has found them to be a large factor in increasing and developing the agency force and in securing the volume of business that has been acquired in recent years, also in bringing closer together the members of the field force and Company officials, which has resulted in a better understanding and the creation of a stronger spirit of loyalty and helpful cooperation than theretofore existed, the management of the Company believes that it has been well recompensed for the expense these conventions have entailed.

FIELD SERVICE AND SCHOOL.—While theoretically, under the general agency system, the general agent is solely responsible for securing and developing agents, the Pacific Mutual, from the beginning of the present

## GROWTH AND DEVELOPMENT IN LOS ANGELES

regime, has sought to cultivate, and encourage, and assist the individual agent through the establishment of the Field Service Department, in 1917. The superintendent has, through correspondence and by other means, given much assistance to individual underwriters and has conducted the SCHOOL FOR SALESMEN, which is an important part of his department. Some account in detail of the department and the school is given in the next chapter.

PACIFIC MUTUAL NEWS.—In earlier chapters some brief references have been made to the Company's monthly paper, which is published in the interests of the field force. From the beginning, in its present form, it has been the official mouthpiece of the Company for the purpose of disseminating information and furnishing material helpful to field men in the prosecution of their business. The editor, who has had charge of the NEWS since 1907, introduced early a departure from the usual plan of company publications, by featuring in an illustrated article some subject entirely apart from the insurance business. This feature has made it possible to secure artistic effects that have added to the attractiveness of the magazine, and have helped to increase its popularity. Some seven or eight thousand copies are published monthly. Besides Company representatives and employes, its readers include many people who are not connected with the Company but who have asked to have their names added to the mailing list. Not a few copies find their way into foreign countries.

As the editor of the NEWS happens to be the writer of this history, modesty forbids that he should speak of the reception that has been accorded the Company's

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

paper. A permanent file of copies since 1907 exists at the home office, so that it is hoped the NEWS will always be here to speak for itself. Whatever success it has had is due in large part to the assistant editors, to those in the field and at the home office who have contributed interesting and helpful material to its columns, and to the artists and printers. Elmer S. Nelson, Superintendent of Field Service, and D. C. MacEwen, Junior Vice-President, have been the assistant editors for several years, and for a quite lengthy period, A. A. Vaillancourt, artist, and Dunn Brothers, printers, have been responsible for whatever artistic and mechanical excellence the NEWS possesses. They have addressed themselves to this piece of work as if it were their very own.

COMPANY'S ATTITUDE TO THE FIELD.—In all of their dealings with the men in the field, the officials of the Company who have been responsible for the production of business, have endeavored to be considerate and thoughtful, and to accord generous treatment, thus carrying out in every way possible the spirit of the quotation from President Cochran's first annual report, which I gave at the beginning of this section. The family idea has prevailed throughout the Pacific Mutual organization, each member trying to be mindful at all times of the welfare and best interests of the others. Just one little thing that exemplifies this spirit in a concrete way, and which the management has done for many years, is the sending out to hundreds of men and women in the field, and in outside offices, a remembrance each Christmas.

In the commissions paid its representatives, the Pacific Mutual has been liberal, more so than any other com-



JAMES L. COLLINS  
1916, *Los Angeles, Cal.*



H. W. SCHROEDER  
1919  
*El Paso, Tex.*



R. L. COLEMAN  
1921, *Asbland, Ky.*



ROBERT A. BROWN  
1924 and 5  
*Los Angeles, Cal.*



DR. J. B. WACHTEL  
1917  
*Oklahoma City*



WILL A. SOMMERS  
1922 and 3  
*St. Louis, Mo.*



L. G. CAMPBELL, 1926 and 7, *Oakland, Cal.*

SOME BIG TREE CLUB PRESIDENTS





MEMBERS OF THE BIG TREE CLUB IN ATTENDANCE  
AT THE JUBILEE CONVENTION, JUNE, 1918

## GROWTH AND DEVELOPMENT IN LOS ANGELES

pany of its age and size, or larger. The average rate of commission in its life business is several points higher than that paid by any one of these companies. In this, too, the Company's practice has been consistent with President Cochran's utterances at the beginning of his administration.

OUTSTANDING SUCCESSFUL AGENCIES.—This section of my story would be incomplete did I not mention by name and include a sentence or two about some of the Company's well-established and successful agencies. Most conspicuous among these has been the Home Office Agency at Los Angeles, which has been managed since 1907 by John Newton Russell, who has since the war been ably assisted by his son, John Henry Russell. The growth of this agency has been more marked even than that of the Company itself. Its paid-for life insurance, in 1907, was \$1,941,750; in 1927, it was \$25,438,538, besides \$326,441 collected for accident and sickness insurance issued in conjunction with life policies. At the close of 1927, the agency had on its books \$144,872,-261 of paid-for life insurance. It is now one of the half-dozen largest agencies of its kind in the world, and has the largest women's department of any existing agency, which, in 1927, paid for more than four millions of life insurance. Taking into account the population and resources of the eight most southern counties of California, which are Mr. Russell's territory, his agency's success has not been equaled by any other agency in any company, in any part of the world. This is a strong statement and a real challenge.

Next in volume of business in force, \$43,552,535, stands the San Francisco Agency, which has had fre-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

quent mention in earlier chapters. Since 1922, it has been a branch office, DeLancey Lewis the present manager. In 1927, it paid for \$5,869,510. For a good many years it has stood second on the list in volume of business done and is increasing that volume annually.

Naming them in the order of their production, in 1927, the remaining agencies of the Company's thirty largest are Farmville, Virginia, Garland & Martin, State Managers (appointed 1912); Southwest Agency, embracing Arizona, New Mexico, and El Paso, Texas, F. B. Schwentker, General Agent (1907); Cleveland, W. D. Callaghan, Manager (1920); Cincinnati, Joseph M. Gantz, General Agent (1918); Oklahoma City, C. C. Day, General Agent (1913); Chicago, Jens Smith, Manager (1919); Ashland-Louisville, Kentucky, Robert L. Coleman, General Agent (1923); Atlanta, Georgia, R. H. Gordy, General Agent (1919); Jacksonville, Florida, W. R. Letcher, General Agent (1915); Denver, Fabling & Fabling, General Agents (1906); Seattle, J. F. Brangan, District Agent (1919); New Orleans, Thos. C. Nicholls, Jr., Manager (1925); Fresno, California, Felix M. Locher, General Agent (1921); Dallas, Rosenbaum Bros., General Agents (1907); Huntington, West Virginia, Theodore Hundley, State Manager (1920); San Antonio, E. M. Goldstein, General Agent (1916); Detroit, Lee B. Scheuer, General Agent (1926); Tuscaloosa, Alabama, Frank Fitts, State Agent (1905); Memphis, Cliff Blackburn, General Agent (1922); Little Rock, C. L. Durrett, General Agent (1916); St. Paul, M. J. Dillon, Manager (1909); Spokane, Washington, John W. Carey, District Supervisor (1921); Indianapolis, Wells-Williams Company, General Agents (1920);

## GROWTH AND DEVELOPMENT IN LOS ANGELES

Newark, W. B. Snowden, Manager (1926); Washington, D.C., Elmer A. Browne, General Agent (1924); Portland, Oregon, W. M. McConnell, General Agent (1916); Anderson, South Carolina, James W. Dickson, State Agent (1912); and Charlotte, North Carolina, George W. Patterson, General Agent (1915).

The agencies, thirteen in number, besides Los Angeles and San Francisco, that had, at the close of 1927, more than ten millions of Life Insurance in force, were, in the order of volume, Farmville, Virginia, \$32,556,670; Southwest Agency, \$22,475,284; New Orleans, \$22,-222,043; Chicago, \$22,013,059; Cleveland, \$20,042,-543; Dallas, \$18,092,366; Oklahoma City, \$16,820,235; Denver, \$16,742,292; Tuscaloosa, Alabama, \$13,310,-910; Cincinnati, \$13,264,882; Little Rock, \$12,995,065; Jacksonville, Florida, \$10,978,413, and Seattle, \$10,945,-739.

In the several divisions of the Accident Department, there are a number of agencies that should be mentioned, but we can give only a few of the leaders. In the Non-Cancellable Division, the Los Angeles Agency, under the Paschall-Jones Company, General Agents, in 1927 collected \$397,986.48 in premiums; New York, W. B. Snowden, Manager, \$209,380.09; Chicago, Miller & Miller, General Agents, \$130,755.33; Minneapolis, W. H. Oshier, General Agent, \$122,398.07, and Cincinnati, Jos. M. Gantz, General Agent, \$113,882.99. There were sixteen non-cancellable agencies that collected over fifty thousand dollars in premiums in the year.

In the Commercial Division, there were four agencies that collected fifty thousand and over, in 1927. These were New York, with a total of \$113,629.84; Los An-



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

geles, with \$99,406.37; Chicago, \$91,481.06, and San Francisco, F. A. Stearns, General Agent, \$51,504.45. In nearly every instance the general agent handles both the non-cancellable and the commercial business.

The Company has but three offices in its Railroad Division. In 1927, Chicago, George Keck, Manager, collected \$519,936.89; Los Angeles, under Home Office management, \$153,305.98, and Denver, J. C. Urich, General Agent, \$24,409.58. There were agents in the Railroad Division, who are known as superintendents, that produced over twenty-five thousand personally during the year. They were O. S. James, at Memphis, who collected \$51,530.40; C. B. Yandle, Birmingham, \$35,482.60; T. J. Bourn, Los Angeles, \$33,693.40; G. W. Burt, Cleveland, \$29,278.35; C. W. Shadley, Chicago, \$29,246.60; J. L. Pannill, Los Angeles, \$28,914.19; H. J. Jones, Decatur, Alabama, \$27,424.65, and V. C. Vette, Salt Lake City, \$25,436.33.

In the Monthly Premium Division, as the average premium is small, it is a worth-while achievement to collect \$20,000 or over in one year. There were eight agencies that had this distinction, in 1927. W. L. Thomas' Agency, Los Angeles, whose success has been most noteworthy, headed the list with a total of \$223,036.39 in premium collections. The others were H. W. Corey, New York, with \$73,461.64 to his credit; G. S. Shelton, Seattle, \$30,028.09; Davis & Baurichter, St. Louis, \$29,475.90; G. C. French, Richmond, \$25,570.69; E. G. Bath (deceased), San Francisco, \$24,636.15; J. Thorne, Cleveland, \$20,799.29, and J. C. Urich, Denver, \$20,070.18.

## GROWTH AND DEVELOPMENT IN LOS ANGELES

Space forbids my saying more about these agencies and many others that are deserving. The record in not a few instances has been quite unusual and would form an interesting chapter in each case, could I give it at length. Many men who served the Company most acceptably for lengthy periods and have passed out of the picture because of retirement or death, have had but brief mention thus far, some of them none at all—such as N. R. McLean and D. McComas at Chicago, W. P. Motley at Kansas City, Samuel Polk at St. Louis, and B. L. Owen at Columbus, Mississippi, and others, all of them leaders in their day, and real factors in the success of the Company in their respective communities.

### 4. THE EMPLOYED STAFF

In the previous chapters I have made mention more than once of the Company's attitude towards, and treatment of, its employes, from the earliest years down. Consideration for the employe, his rights, his comfort, and his well-being, have increased as the Company has grown in size and in years. The Company's actions in this connection, most of which I shall cover briefly in this section, have been prompted not so much by charitable or kindly considerations as by the feeling that it is always good business for any corporation to take the best possible care of those who are engaged to prosecute its work. It is the conviction of the present management that what it has expended for these purposes has been well invested and has brought the Company excellent returns in improved health, greater efficiency, increased loyalty, and in the development in the employed

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

staff of those qualities that contribute much to a proper Company spirit.

**THE LUNCH ROOM.**—Quite a few years ago, along in 1917, when the Company had about 275 people on its payroll at the home office, it was observed that quite a large percentage of them brought their lunches to the building every day. An investigation was made, and it was found that not less than one hundred were so doing. The Company had, at that time, a small one-story store building on its home office property and west of the first unit of its office building, which was available for any purpose for which the Company might wish to use it. This structure was overhauled and enlarged by the addition of one big room that could be used for assembly purposes, and up to the breaking of ground for the present twelve-story unit was given over to lunch room service and occasionally to social and entertainment features in the evening. When the larger building took its place, in 1921, adequate lunch and assembly facilities were provided for in it, but these in turn were outgrown in a few years, and were abandoned for luncheon purposes, the assembly room being retained intact, when the three-story unit was ready for occupancy, in 1926.

The lunch room at first served a very simple meal, providing only soup, bread and butter, and a hot drink, the purpose being to thus supplement such lunch as the employe might wish to bring from home. The meal, however, was added to materially in a short time, and a complete luncheon menu was provided. The food served has always been in its quality the best that can be purchased and is sufficient in variety and quantity to furnish the employe a complete four-course dinner.

## GROWTH AND DEVELOPMENT IN LOS ANGELES

Many of them have made it such, and doubtless their best meal for the day.

In the three-story unit of the building, besides the large modern lunch room in which the employees are served on the cafeteria plan, there are smaller rooms for the officers and department heads. In these latter rooms, additional service is provided, for which a charge is made. The meals served to employees in the large room are without charge. In 1927, to the whole home office force, 185,062 meals were served. The average per day was 788, and the average cost per meal was 35.2 cents. In arriving at this figure, light, heat, water and rent are not included.

Lunches are served to employees five days in the week, but not on Saturdays, as the offices close at noon on that day. These lunches are not regarded by the Company as a part of the employee's compensation. They have never had any bearing whatever upon the amount of salary paid. The salary schedule, which provides for periodic increases up to certain limits, would continue just as it is should the serving of lunches be abolished. William L. Clark has had charge of the lunch room as superintendent, since 1921, and has managed it with efficiency and to the satisfaction of all concerned.

HEALTH AND WELFARE DEPARTMENT.—In the three-story unit of the building, the Company has provided adequate quarters for its Health and Welfare Department, which was established in 1920. Its equipment is modern and complete for the service it undertakes to furnish. I make brief mention of this department here, as the large and important part of the Company's service to employees which it includes places it under the



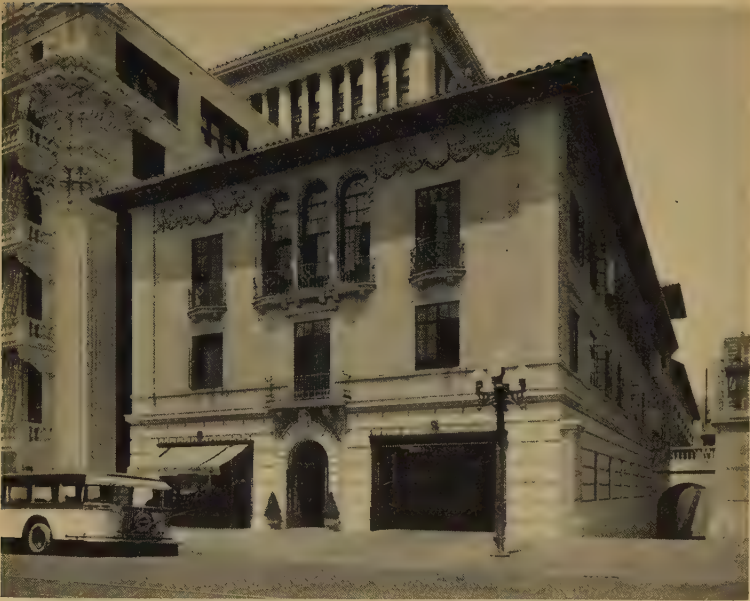
## PACIFIC MUTUAL LIFE INSURANCE COMPANY

heading of this section of our story. An account of the department in detail will be found in the next chapter.

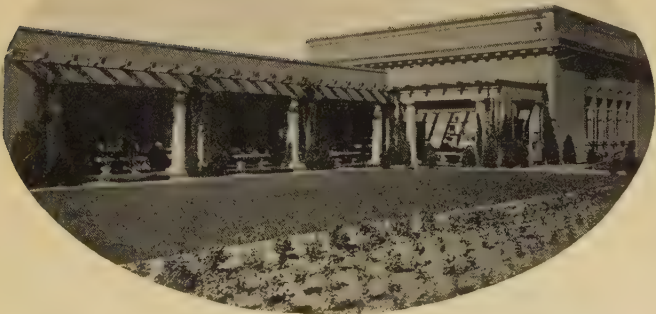
**LIBRARY AND RECREATION ROOMS.**—For several years the Company has maintained a small library and reading room for its employes, in which current magazines and quite a variety of books are to be had. These latter include books on personal and vocational efficiency, character building, salesmanship, hygiene and insurance, as well as fiction and general literature. A librarian is in charge and the benefit of the library to employes is without cost, but to insure the prompt return of books a small charge is made after a certain period. There are also some reference books available and adapted to the ordinary needs of office people. The library is used mostly during the noon period.

In the noon hour, should the employe wish to spend a part of his time at indoor games or in a social way, the facilities for such purposes have been provided. In the large lunch room there is a piano and space for dancing, in which some indulge. The senior officers and the junior officers and department heads have their quarters for lounging, dominoes, cards, and like pastimes. There is ample like provision for the women employes in their rest room.

**ATHLETICS AND OUTINGS.**—As far as it has had the opportunity, the Company has encouraged its employes in outdoor recreational activities. For many years, and until the group grew to unwieldy proportions, an annual outing was held for one day, and usually at one of the beaches, and in the month of June. On that day, a golf tournament and a variety of other games and amusements were made available, and the assembled



THE LUNCH ROOMS ARE NOW LOCATED IN THE  
THREE-STORY UNIT



ORIGINAL EMPLOYEES' LUNCH ROOM  
*On site of present twelve-story unit*



INTERIOR OF MAIN  
LUNCH ROOM



OFFICERS' LUNCH  
ROOM

*Lounge room to left*



WOMEN'S REST  
ROOM

## GROWTH AND DEVELOPMENT IN LOS ANGELES

employees were served both luncheon and dinner at the Virginia Hotel at Long Beach. In recent years, the home office staff have been given a holiday and allowed to furnish their own recreation for the day.

Interest in athletics among employees has been increasing in recent years. Basketball, baseball, tennis, and other like sports are popular with a growing number. The Company has given material assistance in financing these activities, which are under the direction of a Supervisor of Athletics, assisted by a committee. An annual field day is being considered, which will, if held, encourage inter-department competition and give a still larger opportunity for increasing acquaintanceship among employees, thus strengthening the solidarity of the Company's home office group.

EMPLOYEES' RELIEF BENEFIT FUND.—In these days, the feeling is common among the employers of large groups of people that it is an obligation of the employer to make some provision for employees in case of old age or other disability, and for their dependents in the event of their death. It was quite natural that the Pacific Mutual, being in the insurance business, should make that provision through insurance instead of creating a pension fund in the more usual way by drawing on its own treasury therefor or by withholding regularly for permanent deposit to the credit of such a fund a part of the earnings of the employee.

In 1913, the need for a benefit fund was brought home to the management by the death of an employee who had long been with the Company, Fred L. Hunter of the Accident Department, and who had a wife and children dependent on him. President Cochran gave



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

this matter much thought and with the aid of the Actuarial Department worked out a plan and put it into effect, early in 1915. That plan, with material improvements from time to time, has been in operation ever since. Under this plan, the Company provides both life and disability insurance for all of its employes, the amount, which for life insurance ranges from \$1,000 to \$10,000 on one employe, being determined partly by the employe's salary and partly by length of service. The Company pays most of the premium for this insurance, leaving it for the employe to contribute a small portion, and collecting it by deduction monthly from his salary check. Non-cancellable income insurance is also furnished on the same basis to junior officers, department heads and others of the higher salaried employes.

When an applicant for a position at the home office presents himself, no action is taken on the application until a physical examination is made and satisfactorily passed, to determine whether or not the applicant is insurable. Should he prove to be a desirable risk and succeed in obtaining an appointment, after he has completed three years of service he becomes eligible for the employes' insurance benefit. This insurance is issued on the Company's regular forms. When the employe is disabled through illness or accident, his salary continues for a brief period of weeks, after which he draws indemnity under his disability insurance.

SERVICE PINS.—The Pacific Mutual, since June, 1923, has recognized length of service in a tangible way by awarding to the employe who has been with the Company five years or more an attractive gold and enamel service pin. A different pin is awarded for every five

## GROWTH AND DEVELOPMENT IN LOS ANGELES

years of service, the number of five-year periods the employe has to his credit being indicated by stars on his pin, until he has been with the Company twenty-five years, at and after which small diamonds take the place of the stars.

These service pins have been awarded to all field representatives, as well as to the members of the employed staff, as soon as they have qualified for them. Up to the end of 1927, the number of pins given out was 945. Of the wearers of these, 134 had died or left the Company's service, leaving 861 now being worn. Of this latter number, 323 are at the home office, and 538 outside of the home office.

Among the present service pin wearers there are several interesting individual cases. Tom Fox, recently retired at Sacramento, as mentioned in an earlier chapter, has the distinction of being the only one who has been connected with the Company for fifty years, and wears a special pin, as the regular pin is too small to carry more than five diamonds. Vice-President Mier, who has been with the Company since 1881, has a pin with five diamonds; Junior Vice-President W. A. Jenkins carries a pin with four diamonds; there are now seven wearing thirty-five-year pins; eleven with thirty-year pins; thirty-seven with twenty-five-year pins; sixty-five with twenty-year pins; 115 with fifteen-year pins; 148 with ten-year pins, and 475 with five-year pins.

OTHER CONSIDERATIONS FOR EMPLOYEES.—To encourage employes and strengthen the bond that ties them to the Company, President Cochran several years ago created a syndicate for employes that has made it possible for more than one hundred of them to secure

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Pacific Mutual stock on terms that are within their ability to meet.

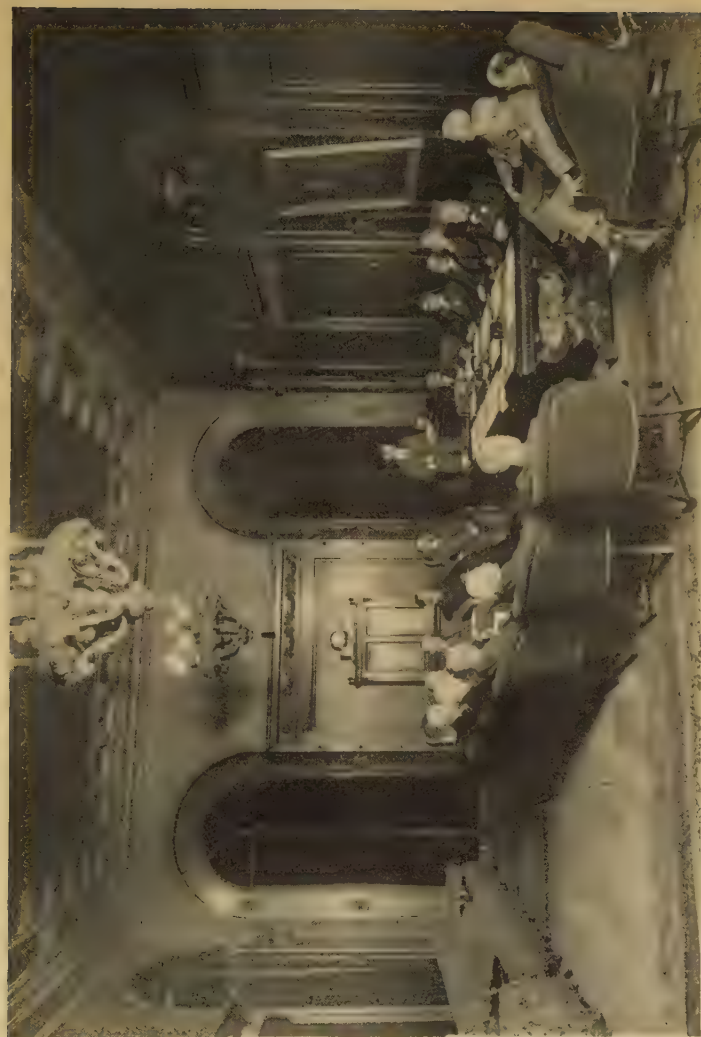
A promotion system has been in operation for quite a long period, and when a desirable vacancy occurs it is filled from the Company's staff, if there is an employee available who is capable and ready for such promotion. It has been seldom that the Company has had to go outside of its own ranks for desirable appointees.

Office hours are reasonable—from 8:30 to 4:30 each day, and closing at 12:00 noon on Saturdays, the year round. An hour is allowed for noon recess. The regular public holidays have always been observed, eight in the year, and every employee is granted a vacation at midsummer, extending from a few days to four weeks, according to length of service.

The foregoing include the major services which the Pacific Mutual has instituted for the comfort, happiness, and well-being of its rapidly growing army of salaried employees. A number of others are given somewhat in detail in the sketch of the Health and Welfare Department, in the chapter following.

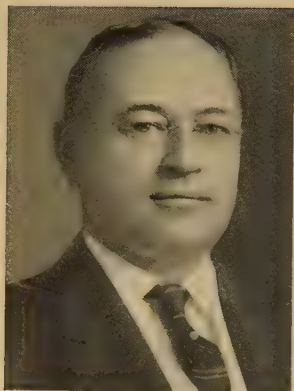
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PASSING OF FORMER EXECUTIVES.—Dr. George A. Moore and Dr. William Robert Cluness, for so many years the dominating figures in all Pacific Mutual affairs prior to 1906, after their retirement continued to live in adjoining residences in Alameda, across the bay from San Francisco. Dr. Moore passed away, June 8, 1916. Dr. Cluness moved down to Los Angeles with the Company, in 1906, and remained at the helm of the Medical Department until the Department had gotten settled

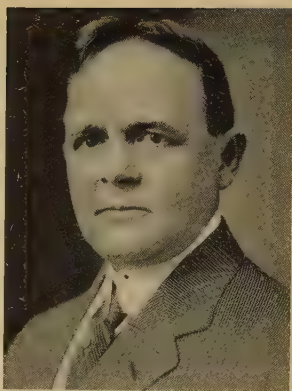


BOARD OF DIRECTORS IN MONTHLY SESSION, IN THE DIRECTORS' ROOM





ISAAC MILBANK



GAIL B. JOHNSON



JOSEPH H. CLARK



JAMES C. DRAKE

DIRECTORS WHO PASSED AWAY WHILE IN OFFICE, SINCE 1906

## GROWTH AND DEVELOPMENT IN LOS ANGELES

and well under way in the new location. He tendered his resignation as Medical Director on March 11, 1907, having served the Company from the beginning and for almost forty years. He passed away at his home on October 18, 1918, at the age of eighty-two, held in an esteem that rose to real affection by all who knew him.

I recall visiting these two life-long friends, and honored officers of our Company for so extended a period, in company with Vice-President Baker, at the time of our convention in San Francisco, in 1915. It was a beautiful yet pathetic picture that greeted us, these two splendid men, their days well nigh spent, living quietly on the eastern edge of San Francisco Bay and facing the Golden Gate; facing, too, the great unknown beyond, which they were so soon to enter. The warmth of the greeting they gave us and the pleasant hour we spent chatting together will always remain amongst our treasured memories.

CHANGES IN DIRECTORATE AND OFFICIAL STAFF SINCE 1906.—At the close of the preceding chapter, I have given the names of the eighteen Directors and the Officers of the Company at the end of 1906. Between that date and the close of 1927, there were quite a number of changes, brought about either by resignation or death.

The number of Directors was changed from time to time—from eighteen to twenty-one on February 11, 1908; from twenty-one to nineteen on February 19, 1910; from nineteen to seventeen on May 2, 1913, and from eighteen to twenty-three on April 13, 1925. The last is the present number.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

As a list of Directors who have served the Company during its sixty years appears later among the appendices, it is not necessary to note here all the changes that have taken place in the personnel of the Board since 1906. Some have come and gone in that period. Those who have passed away while members, and who were conspicuous on the Board because of service given, were Joseph H. Clark, who died in 1917; Gail B. Johnson, in 1918; J. C. Drake, in 1921, and Isaac Milbank, in 1922.

Following are the twenty-three members that constituted the Board of Directors at the close of 1927:

W. H. CROCKER

President Crocker First National Bank of San Francisco

HERBERT FLEISHHACKER

President The Anglo & London Paris National Bank, San Francisco

HENRY M. ROBINSON

President Los Angeles-First National Trust and Savings Bank

JOHN B. MILLER

President Southern California Edison Company

DR. H. G. BRAINERD, Los Angeles

LUCIEN SHAW

Ex-Chief Justice Supreme Court of California

DR. WAYLAND A. MORRISON, Los Angeles

ATHOLL McBEAN

President Gladding, McBean & Co., San Francisco

LEE B. MILBANK

Secretary and Treasurer Union Oil Associates

SAMUEL K. RINDGE

Vice President Seaside Investment Co.

O. REY RULE

Vice-President Pacific Finance Corporation

DR. MILBANK JOHNSON, Los Angeles

S. F. McCLUNG, Secretary

## GROWTH AND DEVELOPMENT IN LOS ANGELES

ALFRED G. HANN, Actuary

ARTHUR C. PARSONS

Vice-President and Assistant Superintendent of Agencies

HOWARD S. DUDLEY

Vice-President and Treasurer

C. I. D. MOORE

Vice-President and Assistant Superintendent of Agencies

W. W. BECKETT

Vice-President and Medical Director

RICH J. MIER

Vice-President, Accident Department

W. H. DAVIS

Vice-President and General Counsel

DANFORD M. BAKER

Vice-President and Superintendent of Agencies

LEE A. PHILLIPS

Executive Vice-President

GEORGE I. COCHRAN

President

The members of the Executive Committee of the Board are:

DANFORD M. BAKER

JOHN B. MILLER

W. W. BECKETT

LEE A. PHILLIPS

W. H. DAVIS

HENRY M. ROBINSON

HOWARD S. DUDLEY

GEORGE I. COCHRAN, *Ex-officio*.

Two changes among the higher executive officers that have occurred since 1906, should be noted here. John F. Roche, whose duties as Actuary began on January 1, 1904, and who served the Company well through the period of stress and change that followed shortly after, resigned on November 8, 1909. He had for twelve years prior to coming to the Pacific Mutual served in the Actuary's Department of the New York Life Insurance Company, where he secured his early training and



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laid well the foundation for his work in later years. He was the first member to gain admission by examination to the Actuarial Society of America, which he entered in 1900, and was the only one of the three candidates that passed the examination successfully.

Mr. Roche rendered the Pacific Mutual invaluable service during the changes that took place in 1906, as the brunt of the work required to straighten out the entanglements that grew out of the destruction of the Company's home office building fell on his shoulders. He was a prodigious worker and toiled early and late throughout a lengthy period and until the task was completed. The Board of Directors recognized the value of his services by voting him special compensation.

After his resignation, Mr. Roche was a consulting actuary for some years, serving a number of companies in that capacity, and until he became Vice-President of The Manhattan Life Insurance Company of New York, which position he still holds.\*

It was a sudden blow that death dealt our official group when it snatched away from us, in his prime, on September 7, 1918, Gail Borden Johnson, at that time our First Vice-President, Treasurer, and Superintendent of Agencies. He had been in New York, in attendance at a convention of the National Association of Life Underwriters, when he was stricken down while walking to his hotel in company with a group of Pacific Mutual people.

Mr. Johnson's passing was deeply lamented by the Company's entire field force, in whose best interests he was so greatly concerned, by his associates at the home office, and by a wide circle of friends and fellow-citizens.

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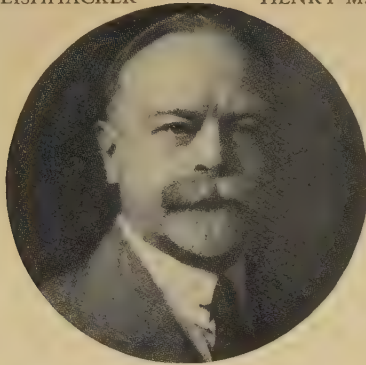
\* Mr. Roche resigned from the Manhattan Life in February, 1928.



HERBERT FLEISHHACKER



HENRY M. ROBINSON



WILLIAM H. CROCKER



JOHN B. MILLER

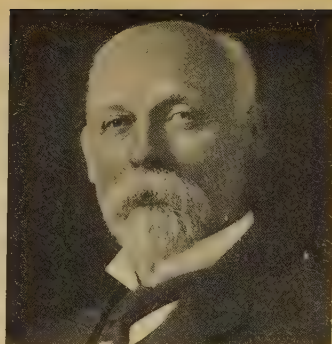


JUDGE LUCIEN SHAW

DIRECTORS OTHER THAN OFFICERS



DR. WAYLAND A. MORRISON



DR. H. G. BRAINERD



LEE B. MILBANK



ATHOLL McBEAN



O. REY RULE



SAMUEL K. RINDGE

DIRECTORS OTHER THAN OFFICERS

## GROWTH AND DEVELOPMENT IN LOS ANGELES

Many tributes were paid to his memory, some of which appear in the *PACIFIC MUTUAL NEWS* of October, 1918, which issue is devoted largely to Mr. Johnson. During the twelve years that he served the Company, he stood next to President Cochran, working with him with utmost loyalty and with great devotion to the Company's every interest, and ably assisting in directing its affairs.

There were two other officers of the Company who passed away, since 1906. John Edgar Miller, who was appointed Assistant Secretary and Assistant Treasurer, February 9, 1920, died on September 7, 1925. He was the father of Director John B. Miller. Frank H. Small was a valued member of the Actuarial Department for many years, and was appointed Assistant Secretary, October 12, 1920. Like Mr. Miller, he carried on his work to almost the last day of his life, and passed away on November 29, 1926.

At the close of 1906, there were twelve officers of the Pacific Mutual, whose names appear at the close of the preceding chapter. There were, at the close of 1927, besides the President, eight Vice-Presidents, a Secretary and ten Assistants, a Treasurer and four Assistants, an Actuary, an Assistant Actuary, a Medical Director and three Assistants, a General Counsel and two Assistants, five Junior Vice-Presidents, and a Comptroller, besides numerous superintendents of departments, managers and others, a total official staff of sixty-two members. Their names, with a brief sketch of each, appear in an appendix near the end of this book.

EXAMINATIONS OF THE COMPANY.—The Pacific Mutual has, over quite a period, been examined every three years by a committee of examiners representing differ-



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

ent states, and under the auspices and direction of the National Convention of Insurance Commissioners. The latest examination so conducted was early in 1927, which, like its predecessors, gave the Company a clean bill. The report of the examiners, which was quite voluminous and covered a multitude of details, closed with this statement: "The Pacific Mutual Life Insurance Company of California is in excellent financial condition, with reserves, capital and surplus that guarantee the adequate protection of its policyholders. A consistent growth is being made in business and assets, under the able and conservative management which has remained unchanged for many years, and the Company has become one of the leading life insurance institutions of the United States."

GROWTH SINCE 1906.—In closing this chapter, some figures should be given to indicate the growth of the Company's business, since 1906. The few figures below will perhaps suffice. A financial statement for 1906, and also for 1927, in condensed form, will be found in the appendices at the end of the book.

|                                   | 1906            | 1927             |
|-----------------------------------|-----------------|------------------|
| Admitted Assets .....             | \$12,721,563.68 | \$132,273,478.92 |
| Cash Income .....                 | 4,978,009.00    | 38,298,731.42    |
| Life Premiums Collected .....     | 3,728,652.29    | 23,622,491.18    |
| Accident Premiums Collected ...   | 598,548.82      | 5,999,950.14     |
| New Life Insurance Issued         |                 |                  |
| (Paid for) .....                  | 22,173,487.00   | 93,363,913.00    |
| Total Life Insurance in Force ... | 92,634,087.00   | 667,079,906.00   |
| Paid Policyholders During Year .. | 1,716,836.03    | 14,976,793.55    |
| Total Surplus .....               | 506,001.80      | 11,316,112.69    |
| Cash Capital .....                | 1,000,000.00    | 4,000,000.00     |



## XI

### DEPARTMENTS AND COMMITTEES



**M**ORE or less extended reference has already been made to several of the departments at the home office. This chapter is devoted to a brief sketch of the history, organization, and work of each of these departments, and of the several important committees that have been created and function regularly. Some departments have existed almost from the beginning of the Company, but the majority of them came into existence as necessity required, and in several instances began as offshoots from other departments.

A number of the departments have to do with the Company's life business only, others are occupied solely with the accident business, while quite a few departments have important functions that are related to both branches, or to the Company as a whole. The departments, therefore, should be grouped under three heads, which, naming them in the order indicated, are Life, Accident, and General. As the General Departments, twelve in number, include several of the oldest departments presided over by a senior officer in each case, we shall consider these first.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

### I. GENERAL DEPARTMENTS

**EXECUTIVE DEPARTMENT.**—This department may be defined as the department which embraces those officers charged with the administration of the Company's affairs, and who determine all important issues and matters of policy. It differs from all other departments in that it has never been a distinct and separate entity to the same extent as they at any time in the Company's history, as the group who make up the department's personnel are, with a few exceptions, at the head of or are otherwise connected with other departments. Most of its members have numerous duties other than executive.

The executive officers who constitute the department are the President, Vice-Presidents, Secretary and Assistant Secretaries, and the Treasurer and Assistant Treasurers. These are the only officials in the Company who are regularly authorized to execute legal instruments for, and in behalf of, the Company.

At the outset there were only three men in the Executive Department—the President, Vice-President, and Secretary. But two of these were active, as President Stanford gave but little, if any, time to the routine of the Company's business. The Company had no Treasurer at the beginning. Indeed, I do not find such an officer in any of the extant lists prior to 1906. As the Executive Committee of the Board of Directors was charged with the custody of the Company's moneys, evidently it was felt that with a cashier installed, as there doubtless always was, a Treasurer would be an unnecessary encumbrance and expense.

Very few additions were made to the Executive Department up to the end of the San Francisco period.



LEE A. PHILLIPS  
*Executive  
Vice-President*



W. A. JENKINS  
*Junior  
Vice-President*



WESLEY C. GREEN  
*Junior  
Vice-President*



ELMER C. POTTER  
*Assistant Secretary*

OFFICERS IN THE INVESTMENT DEPARTMENT

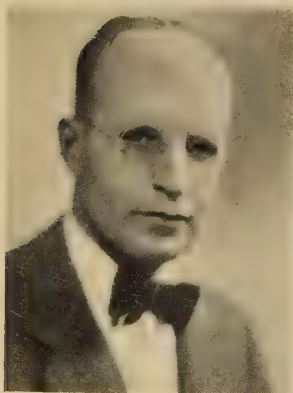




ROY S. HOAGLAND  
*Inspector of Loans, San Francisco*



MISS GRETTA SUTHERLAND  
*Escrow Supervisor*



FELIX LA FORCE  
*Assistant Appraiser*



W. S. WATTS  
*Assistant Appraiser*

OTHER MEMBERS OF THE INVESTMENT STAFF

## DEPARTMENTS AND COMMITTEES

Shortly after Secretary Patton went into office, an Assistant Secretary was provided for, and "Sam" Marks was given that office, about 1882. The office of Second Vice-President was created, in 1898, soon after M. R. Higgins came into the Company, and probably to create a deserved title for him, as he was the first in the Company to wear it.

After the Company was domiciled in Los Angeles, several additions were made to the department. When the executive staff was reorganized, in 1906, the offices of Third Vice-President, Treasurer, Assistant Treasurer, and Second Assistant Secretary were created and filled, thus making a total of eight executives in the department. The First Vice-President was also Treasurer. By the end of 1927, the number had grown to twenty-five.

There are only two officers who give practically all of their time to executive duties—the President and the Secretary. The powers of the President are of necessity greater than those of any other officer, and his responsibility is equally greater. Because of his prerogatives, he has a greater opportunity to stamp his individuality upon the Company than any other one person connected with it, and as the institution grows and develops, it is preeminently his "lengthened shadow." The President has to keep in touch with every activity of the Company, and must know what is going on in each department. This he has done through various and frequent reports, as well as by personal observation.

The other twenty-three members of the Executive Department have each been assigned definite tasks other than executive, and they give by far the greater part of their time to the performance of such duties. They

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

are all in other departments, many of them as department heads, and will be mentioned in connection with their respective departments later in this chapter.

INVESTMENT DEPARTMENT.—This department is responsible for the proper investment of the Company's funds, and for several years has been ably presided over by the Executive Vice-President, Lee A. Phillips. While separate accounts are kept for different departments of the business—accident and life, and in the latter for the participating and non-participating business, as explained in the preceding chapter—the Investment Department invests the funds of and serves all of these departments.

Junior Vice-President W. A. Jenkins has for more than forty years given all of his time to the Company's investments, and came to the Pacific Mutual long before it had an Investment Department. He began in that department as Loan Clerk, on August 27, 1886, succeeding Eugene Guindon, a stepson of President Moore. Because of his thorough familiarity with this part of the business, I have asked him to write the story of the Company's investment, which he has done. The following extracts from his account are as he has written them:

"The duties of the Loan Clerk, later called Investment Clerk, embraced all office details pertaining to the Company's loans, mortgage, collateral, and policy, also bonds, stocks, and real estate owned, and at the close of the year, preparation and distribution of the Company's annual statement to sundry insurance departments. The Actuary and bookkeeper aided in assembling the data for statement.

## DEPARTMENTS AND COMMITTEES

"In 1886, the Company's real estate loan business was confined to the States of California, Oregon, and Washington. I learned that the investment business of a life insurance company must be conducted on much more conservative and restricted lines than is requisite with other financial institutions, being subject to regulations imposed by State Insurance Departments in the interests of policyholders, to guarantee the utmost possible safety to insurance funds which the insurance companies hold in trust. Although the regulations placed on investments at that time were much the same as are in force now, the present-day strict, thorough supervision by State Insurance Departments was not then exercised. Information relative to investments had to be furnished in much less detail than has been increasingly required in later years.

"Viewed in retrospect, the total amount of the Company's invested assets at that time appears almost insignificant, though the care of them seemed a very onerous and important duty then to the Loan Clerk in charge.

"The Annual Statement of December 31, 1886, showed interest and rent bearing assets of \$1,293,112, comprising all admitted assets except \$213,300. The principal item was mortgage loans on real estate, 160 in number, amounting to \$1,034,382. Bonds and stocks were only \$30,790; Collateral Loans, \$5,212; Policy and Premium Loans, \$80,170, and Real Estate Owned, \$142,558. Investment Income that year was \$80,650; net interest rate earned, 9 per cent.

"As mortgage loans on real estate represented the chief asset, they likewise supplied the greatest variety and volume of work, and required the most constant and care-



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

ful attention to details. Loans on city property were few, total amount about \$50,000, the most favored security being improved farming lands. About \$275,000 was invested in Oregon and Washington, but the bulk of loans was in the great Sacramento and San Joaquin Valleys of California.

"The financial panic of 1893, which caused a widespread depression in real estate values, brought about a revision of the Company's general plan of investment, and for several years thereafter the purchase of bonds and stocks absorbed more of the funds available for investment than the former favorite mortgage loans. Bonds were chiefly railway issues, and stocks those of banks and public utilities.

"From 1886 to 1901, over a period of fifteen years, the office care of investment matters devolved upon one Loan Clerk, assisted only by advice and supervision as to legal phases by the Company's attorneys, and by the official stenographer lending aid in correspondence and preparations of legal documents. At the close of the year 1900, invested assets had increased to about \$3,600,000, of which bonds and stocks formed nearly 50 per cent, and mortgage loans only 20 per cent. This ascendancy of bond and stock investments over mortgage loans continued another five years, or until 1906.

"Early in 1901, the need for an assistant Loan Clerk was recognized, and Ernest H. McCandlish was selected for the place. The choice proved a good one. Of fine personality, intelligent, willing and capable, he soon became a valuable and highly esteemed member of the growing Pacific Mutual home office staff.



DR. W. W. BECKETT  
*Vice-President  
and Medical Director*



DR. V. A. HUMPHREY  
*Assistant Medical Director*



DR. F. W. SAWYER  
*Assistant Medical Director*



DR. WILBUR A. BECKETT  
*Assistant Medical Director*

## MEDICAL STAFF



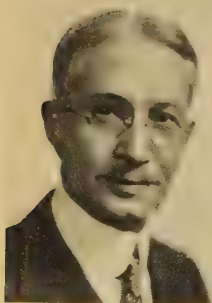
A. W. MORGAN  
*Comptroller*



• THOMAS B. INCH  
*Assistant Treasurer*



HOWARD S. DUDLEY  
*Vice-President  
and Treasurer*



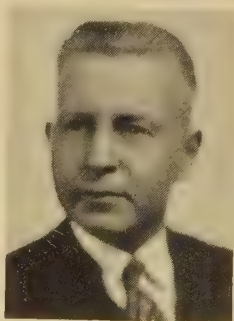
E. I. ROCKWELL  
*Auditor*



ERNEST W. FULLER  
*Assistant Treasurer*



B. A. HILLIARD  
*Chief Accountant*



RAYMOND L. SUTTON  
*Assistant Treasurer  
and  
Assistant Cashier*



MISS E. M. DRIVER  
*Assistant Treasurer*

STAFF OF TREASURER'S DEPARTMENT

## DEPARTMENTS AND COMMITTEES

"But when, at the beginning of 1906, the Company management changed, and it was decreed that the investment branch of the business would be handled in the Los Angeles home office, only the Head Investment Clerk (Mr. Jenkins) accepted the transfer, and on March 5, 1906, moved with the securities and investment records to Los Angeles.

"The Thirty-eighth Annual Statement of the Company, then being distributed, revealed that the Company possessed nearly ten million dollars of revenue-bearing assets. Soon thereafter, Stanley F. McClung, now Secretary, became connected with the investment work, but not until the opening of the Company's new home office at Sixth and Olive streets, near the end of 1908, was adequate provision made for the real, well-equipped, systematized Investment Department.

"Consistently and steadily, but with wonderfully increasing momentum, the volume of investments has been mounting during the last twenty years, and at the same time attaining a higher standard of excellence. It has been noted often, and repeated with emphasis again and again, especially in recent years, that the value of life insurance is not alone in the protection it promises to policyholders and their beneficiaries, but that an important object and duty of its organization is also wise investment. That is to say, judicious investment and care of insurance funds achieves more certain protection beyond the possibility of doubt to those depending upon the beneficial results of life insurance. Therefore, the character of investments has to be limited to a very few classes of non-speculative securities. While the laws of different states vary in some details, they have a close



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

similarity in essentials. It follows that our Company must frame its investments so as not to conflict with the specific requirements of any state in which it does business, regardless of any greater liberality in the laws governing its investments, as prescribed by Section 421 of the Civil Code of California.

"Foremost among the chief eligible types of investments is the mortgage or trust deed upon improved unincumbered real property, worth at least double the amount loaned thereon. It may be located in city or country, it may be residence or business, may embrace church, club, hospital, warehouse properties; in fact, the classes of security may be various. Indeed, this is the favorite type of investment with nearly all life insurance companies, and may be said generally to constitute the backbone of the whole body of their investments. It is so with our Company, and at present represents more than 50 per cent of the total invested assets, whereas bonds, the next popular eligible, now stand at less than 20 per cent. Public utility issues hold preferential place, though our holdings are fairly diversified, embracing government, state, county and municipal, railroad, public utilities, and miscellaneous.

"We do not own any stocks. There are serious objections to stock ownership by a life insurance company. Some states prohibit it, and moreover, the policy of our Company's managers is likewise opposed to it. Stockholders of a corporation are responsible for its management. Every stockholder is a part owner, and in buying stock in other corporations, a life insurance company would become more than a trustee of funds.

## DEPARTMENTS AND COMMITTEES

"Collateral loans are permitted with a wide range of acceptable securities, but do not rank as preferred investments. We do not solicit such loans, but make them in a limited amount and term not to exceed one year. No class of security is accepted as collateral, ownership of which is prohibited to the Company, such as mining and oil issues.

"As now organized, systematized, and developed under the supervision of Executive Vice-President Lee A. Phillips, our Investment Department, we believe, has reached a standard of efficiency that is of exceptional credit to the Company. It functions through the mass of complex details without friction, its operations are exact and expeditious, its members are well informed and proficient in their specific duties. Prompt and capable accomplishment of the numerous important details of the Department having under its care close to \$100,000,000 of property, requires the services of twenty-seven people, exclusive of service rendered by the Legal Department.

"Of first importance is the application and appraisal section, where the initial details of a loan transaction are worked out. Wesley C. Green, Junior Vice-President, is in charge of this division, with Felix LaForce and W. S. Watts as assistants in the inspection and valuation of properties offered as security for loans desired. Decisions are quickly reached as to the quality of any security and, if favorably regarded, complete application is submitted to the Loan Committee, composed of the President and Executive Vice-President, and principal members of the department, and qualified to approve and recommend

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

any investment, subject to ratification by the Executive Committee of the Company's Board of Directors.

"The Loan Committee holds daily meetings. When a loan application has been thus approved, another branch of this department draws up an epitome of the specific requirements as an outline of instructions to assure the correct preparation of the loan papers and completion of further details to consummate the loan. This instruction sheet, with loan application, accumulated data, and correspondence, is delivered to the Superintendent of the Department for review and check of all provisions. Under his direction, legal documents pertaining to the transaction are prepared by the escrow section, which attends to assembling and securing execution of required instruments and issuance of instructions to title company as escrow agent, to whom is intrusted the responsibility of recording executed papers under conditions that will insure perfect title and unquestionable validity of mortgage or trust deed, as required by law.

"Other divisions of the Department respectively attend to the particular features relating to collateral loans, bonds, real estate owned, and statistical tabulations of investment changes, from day to day merged in the Company's Annual Statement at the close of each calendar year."

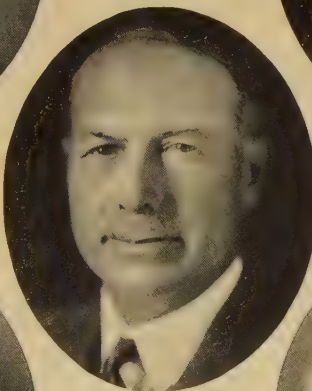
To the foregoing it should be added that no better evidence of the quality of the Company's investments can be given than the fact that, at the close of 1927, only one mortgagor was delinquent in the payment of interest, the amount due being \$287.01. This delinquency



ARTHUR C. PARSONS  
*Vice-President and  
Ass't Superintendent  
of Agencies*



F. R. WOODBURY  
*Junior Vice-President  
and  
Ass't Superintendent  
of Agencies*



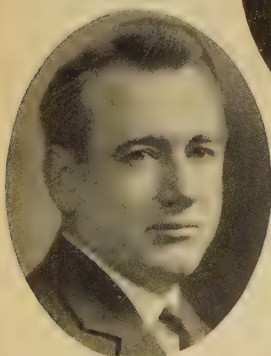
DANFORD M. BAKER  
*Vice-President  
and Superintendent  
of Agencies*



MISS DORA B. PARKER  
*Secretary School for  
Salesmen*



C. I. D. MOORE  
*Vice-President and  
Ass't Superintendent  
of Agencies*



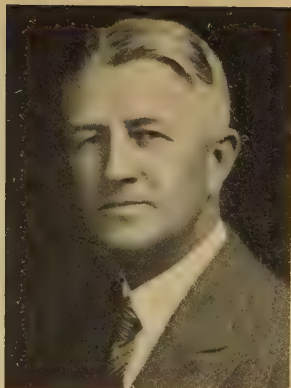
ELMER S. NELSON  
*Superintendent Field  
Service*

# AGENCY DEPARTMENT STAFF





W. H. DAVIS  
*Vice-President and General Counsel*



BLAKE FRANKLIN  
*Assistant Counsel*



DOUGLAS E. C. MOORE  
*Assistant Counsel*



O. P. SCHOONMAKER  
*Assistant Attorney*

LEGAL STAFF

## DEPARTMENTS AND COMMITTEES

was caused by foreclosure proceedings instituted by the holder of a second mortgage on the property. The Pacific Mutual had no foreclosures in process at the close of the year.

**AGENCY EXECUTIVE DEPARTMENT.**—This department has full charge of field operations and is responsible for the production of all forms of life and accident insurance issued by the Company. It appoints all General Agents and Managers, and the soliciting agents in branch office agencies, and supervises all details of their business.

The department was created in 1921. Prior to that time, the work it covers was performed by a Superintendent of Agencies and, beginning 1906, one assistant. Since 1921, two additional assistants have come into the department—Junior Vice-President Frank R. Woodbury, in 1922, and Vice-President Arthur C. Parsons, in 1924, who, with Vice-President Danford M. Baker as Superintendent of Agencies, and Vice-President C. I. D. Moore, First Assistant Superintendent of Agencies, are the Company's agency officers responsible for the department.

In this department, and giving most of his time to agency matters, including the auditing of agencies in the field as need arises, is Assistant Secretary Harry J. Brown. Adjuncts of this department, and under its direct supervision and quartered in the same suite of offices, is the Field Service Department, embracing the School for Salesmen and the publication of the PACIFIC MUTUAL NEWS. Including these, the staff, at the close of 1927, numbered fourteen people. More will appear later concerning the Field Service Department and the

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

School. Closely related to and cooperating with the Agency Executive Department is the Agency Accounting Department, which will also be noted later.

The agency executive officers do much traveling and spend a large portion of their time in the field, making appointments and adjusting agency matters. In this work, but solely for educational purposes, they have been assisted by junior officers and department heads not in the Agency Executive Department, but who are closely associated with it because of their direct contact with the field in the discharge of their ordinary regular duties. The department has charge of all agency conferences and conventions, arranges the programs for such gatherings, and sees that they are properly conducted.

In 1924, the department organized a committee of about fifteen members, known as the Agency Committee, which includes the agency executives and other officers and department heads directly concerned with agency and field problems. This committee holds monthly meetings through which its members are kept informed as to what is being done in and for the field. It controls, through sub-committees, such advertising as is done by the Company, the preparation of field literature, matters pertaining to the APP-A-WEEK CLUB and the BIG TREE CLUB, and other like activities.

LEGAL DEPARTMENT.—The Pacific Mutual, from the beginning, has required and employed the services of legal counsel. The first Counsel was Robert Christopher Clark, a Judge on the Superior Bench at Sacramento at the time the Company was organized, and one of its original stockholders. There are several references to

## DEPARTMENTS AND COMMITTEES

Judge Clark in the earlier chapters of this history. He handled all of the Company's legal business until his death, in January, 1883.

There was in San Francisco at that time a prominent legal firm known as Fox & Kellogg, later as Fox, Kellogg & King, and later still as Fox, Kellogg & Gray. The senior member of this firm, Charles N. Fox, was Justice of the Supreme Court of California. He appears among the list of Directors as early as 1879, and was on the Board at the close of Dr. Moore's regime, in 1905, although M. B. Kellogg, of the same firm, appears in his stead in some years.

Judge Fox succeeded Judge Clark as Counsel after the latter's death, in 1883, and was in turn succeeded by Mr. Kellogg, upon a date I am unable to determine. Latterly, the third member of the firm, R. S. Gray, came into the office and continued to perform its duties until the merger of the Pacific Mutual and the Conservative Life, near the end of 1905. The title that seems to have attached to the office all through those years was the simple term, Attorney.

At the time of the merger, W. H. Davis, the present General Counsel, was practicing law in San Francisco, and assumed the duties of the office, although Mr. Gray was retained by the Company as one of its attorneys. When the fire ensued and the home office was moved down to Los Angeles, Mr. Davis continued in San Francisco, and busied himself with the settlement of the fire insurance claims of the Company and its mortgagors and in adjusting the Company's legal affairs in Northern California. He came down to Los Angeles in the spring of 1909, having been elected General Counsel on March



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

18 of that year. During the interval between 1906 and 1909, the firm of Williams, Goudge & Chandler of Los Angeles acted as legal advisers at the home office, Herbert J. Goudge handling the major part of the business.

Prior to 1909, the Pacific Mutual had really never set up a Legal Department, as there was not sufficient business at the home office to occupy the full time of an attorney. That condition, however, changed rapidly, and it soon became necessary, with the increase of the Company's business, to add to the legal staff. In 1912, Blake Franklin, now Assistant Counsel, came to the Department from Albuquerque, where he had been in the legal department of the forestry service of the United States. Douglas E. C. Moore, also Assistant Counsel, was appointed to the Legal Department, in 1919, and O. P. Schoonmaker, Assistant Attorney, in 1920. The work of the Department has been divided up amongst these four members of the legal staff, and certain specific duties have been assigned to each. There were, at the close of 1927, including the attorneys and the clerical staff, nine members in the Legal Department.

**MEDICAL DEPARTMENT.**—When the first applications for life insurance were received at the home office in Sacramento, May 15, 1868, the necessity for a medical department, with a qualified physician in charge and responsible for it, came into existence. Dr. J. M. Frey was that physician. His work at first, and during his incumbency, must have been light. The Executive Committee of the Board of Directors seems to have passed on applications for insurance at its weekly meetings, referring to the Physician-in-Chief, which was Dr. Frey's title, only such applications as were doubtful.

## DEPARTMENTS AND COMMITTEES

His compensation was two dollars and fifty cents for each application so referred. By midsummer, 1871, however, Dr. Frey was receiving a salary of fifty dollars per month, and presumably in lieu of fees. He was also one of the first three medical examiners and received the fee then paid, and which is still the fee allowed—five dollars for each examination made. His fee, however, was paid in gold. The other two examiners were Dr. W. R. Cluness and Dr. G. L. Simmons.

Just when Dr. Cluness succeeded Dr. Frey as Physician-in-Chief, or when that title was changed to Medical Director, is not known. It was, however, in the very early seventies. Dr. Cluness held the office and served the Pacific Mutual as its Medical Director most acceptably until his resignation, in 1907. At first, and probably for many years, the duties of the office required only a small part of his time, and a part of the time of one clerk. When the Conservative Life and the Pacific Mutual were consolidated, late in 1905, the work of the department was being done by Dr. Cluness, his son, Dr. W. R. Cluness, Jr., and a stenographer. The younger Cluness had held the title of Assistant Medical Director for some six or eight years, and retired from the Company with his father, in 1907.

Dr. John L. Davis, who had been with the Union Central Life Insurance Company in Cincinnati, succeeded Dr. Cluness, and became Medical Director by action of the Board of Directors, on March 11, 1907. He held the office for a little less than two years, resigning on January 18, 1909. On that same date, Dr. W. W. Beckett, the present incumbent, was elected as Dr.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

Davis' successor. Three days later, Dr. V. A. Humphrey, who had been with the Company since 1890, was appointed Assistant Medical Director, which office he still holds. It is worthy of note that the sixty years of the Company's history, excepting perhaps not more than four or five, have been covered by the terms of only two medical directors, Drs. Cluness and Beckett.

As Dr. Beckett was, at the time of his election, a leading surgeon in Los Angeles and had a heavy practice, which he could not relinquish in a day, he did not attempt to give all of his time to the Company till early in 1913. In the interim, Dr. Humphrey carried on the routine work of the department, under Dr. Beckett's general direction. Just before Dr. Beckett began his active duties, he made an extensive tour of the country to acquaint himself with the field men and field conditions, taking full charge of the department, on May 1, 1913.

Assistants who have served in the department and retired since Dr. Beckett came into office, are Dr. Harley McDonald, 1908 to 1913, Dr. Milbank Johnson, 1916 to 1921, and Dr. Harvey A. Berkes, 1923 to 1926. The Assistant Medical Directors, at the close of 1927, besides Dr. Humphrey, were Dr. F. W. Sawyer, appointed 1920, and Dr. Wilbur A. Beckett, 1926. The department has also a clerical staff of twenty-six members. Of these, Harry F. Marshall, who came from the Germania Life, now the Guardian Life of New York, in 1915, is chief clerk and has supervision over the clerical staff of the department. He is also one of the group of underwriters that pass upon sub-standard cases and inspection reports, and relieves the doctors



ALFRED G. HANN  
*Actuary*



LESLIE J. COOPER  
*Assistant Actuary*



MRS. E. J. MACFARLAND  
*Assistant Secretary*

ACTUARIAL STAFF





STANLEY F. McCLUNG  
*Secretary*



HARRY J. BROWN  
*Assistant Secretary*



ALLAN D. GRANT  
*Assistant Secretary*



MRS. B. N. GRANT  
*Assistant Secretary*

SECRETARY AND SOME OF THE ASSISTANT SECRETARIES  
*(Six Assistant Secretaries appear in other department groups)*

## DEPARTMENTS AND COMMITTEES

from much of the ordinary routine, for which work his years of experience and training have well fitted him.

The Medical Department reviews and passes on all applications for life and non-cancellable insurance, and is the medical adviser of the Life and Accident Departments and the Health and Welfare Department, in all matters in which such advice is needed. It also appoints and directs all medical examiners who serve the Company in the numerous communities in which it does business, and keeps a complete roster of all examiners. The department collects and maintains all vital and other statistics required for the proper performance of its work, and makes a report of its work and the mortality and disability experience of the business for the year to the annual meeting of the Company.

In 1925, two departures were made by the Company in its underwriting—the issuance of life insurance without a regular medical examination, and the acceptance of sub-standard risks. The first has been in vogue in England for many years, also in Canada for a shorter period, but the results in both of these countries seem to have been entirely satisfactory. In the United States, non-medical business must be regarded as still in its experimental stage. The Pacific Mutual accepts applicants for \$2,000 or less of life insurance without a medical examination, but requires a complete and specific statement from the applicant covering his family and personal health history and condition, also a signed statement from the agent as to his opinion of the applicant's insurability. Only certain agents who are qualified are permitted to write this business. In 1927, 43.8 per cent of the number of applications received for life insurance

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

were without examination. Of these, 85.1 per cent were approved.

As some of the best companies have been doing a sub-standard business for many years, whose rules and practices the Pacific Mutual closely follows, there can be little doubt as to the experience in this business that will be realized. Certain classes of impaired risks are safely insurable for certain kinds of policies, and at proper rates. The amount of sub-standard business the Company has done thus far is comparatively small. In 1927, 3.6 per cent of the total number of applications approved for life insurance were sub-standard.

**TREASURY DEPARTMENT.**—This department is the creation of the present management since 1906, prior to which, as already noted, the Company did not have a Treasurer. The department has grown rapidly, keeping pace with the expansion of the business and now embraces three separate sub-departments—the Auditing, Cashier's, and Accounting Departments.

Mr. Cochran was Treasurer for a few months, but when he became President that office was passed over to the late Vice-President Johnson, who held it until his death, in 1918. Vice-President Phillips was then elected Treasurer, and he in turn was succeeded by the present incumbent, Vice-President Howard S. Dudley, in 1924.

The Treasury Department is the custodian of all Company funds, and disburses them upon the requisitions of the various departments. A complete set of regulations has been adopted governing the issuance and signing of checks, from which no deviation is allowed.

The Auditing Department is presided over by Auditor

## DEPARTMENTS AND COMMITTEES

E. I. Rockwell, and exercises an audit control over all departments of the Company.

The Comptroller, A. W. Morgan, is an expert in auditing and analyzing accounts, having received a thorough grounding in accountancy in London, England. He works in cooperation with the Auditing Department, and also inquires into the condition of companies in which the Pacific Mutual has some interest. The Comptroller is an expert adviser in income tax matters, and finds much to do in that line.

The Accounting Department maintains the general books of the Company, keeping separate sets for the Non-Participating and the Accident business, the latter including eight separate divisions. Accounts are kept for every item of income, disbursements, and ledger assets called for in the annual report. Daily reports from the Cashier's Department are analyzed, tabulated, and transferred to the general ledger. Weekly reports of cash receipts and disbursements are submitted to the Executive Committee, also lists of bills for approval, and monthly bank statements are reconciled. B. A. Hilliard, Chief Accountant, presides over the Accounting Department.

The Company's investment and expense disbursements are based upon a budget system, which is prepared and maintained in the Accounting Department. Many intricate statements are compiled for departmental reports. For the Accident Department, it compiles separate gain and loss exhibits for its eight divisions, keeps cost records of supplies requisitioned to the two hundred agencies, receives and tabulates the detailed premium collection reports from those agencies, audits,



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

and reconciles the bank accounts carried at the agencies, and assembles and audits all claim payments. It is also responsible for the annual statement of the Accident Department, and keeps a record compiled from annual statement figures that shows in detail the income, disbursements, and ledger assets brought down to date from the commencement of the Accident Department, on May 1, 1885.

The principal care of the Cashier's Department is the proper entry of all remittances for both branches of our business, and the depositing of them in the bank. The home office payroll is kept in this department. In 1906, the employes on pay day stood in line at the Cashier's window and received their salaries in gold. Later, when gold went out and currency came in, the line grew to be so long that salaries were delivered to employes, and the vouchers signed at their desks. This plan gave way in turn to the present. A check is issued to each employe and delivered through the department heads.

Payment by check began during the war, when employes bought Liberty Loan Bonds and War Saving Certificate Stamps, subscribed to the Red Cross and other war funds, their payments being collected by monthly deductions from their salaries. This piled up so much cumbersome detail in its handling that it was decided to use checks, as all such deductions are easily taken care of on the check register.

These deductions show on a stub attached to the check, and now include payments for Employes' Insurance Benefits and for Company stock or other like purchases the Company has made it possible for the employe to make. This investment plan for employes has been

## DEPARTMENTS AND COMMITTEES

in operation since 1918, and its results have been excellent. Many employes have taken advantage of it and have purchased desirable investments aggregating \$1,970,000, on which, by the end of 1927, more than one million dollars had been paid.

There were, at the end of 1927, nineteen employes in the Treasury Department. The titled officers of the Company who are serving it through the department, besides the Treasurer, Vice-President Howard S. Dudley, are Assistant Treasurer Thomas B. Inch, Assistant Treasurer and Cashier E. W. Fuller, Comptroller A. W. Morgan, Chief Accountant B. A. Hilliard, Auditor E. I. Rockwell, Assistant Treasurer and Assistant Cashier Raymond L. Sutton, Assistant Cashier F. T. Howland, and Assistant Treasurer Ethel M. Driver.

ACTUARY'S DEPARTMENT.—Quite a few items relative to actuaries and this department have been scattered through the previous chapters of our story. For the sake of greater completeness of this sketch, I shall repeat them briefly here.

Simon Schreiber, who with Josiah Howell promoted the Pacific Mutual and took charge of its earliest field activities, apparently had actuarial training and ability, and served the Company in that capacity as far as he was able. Elizur Wright, noted actuary of Boston and one-time insurance commissioner of Massachusetts, and his son Walter C. Wright, were early called into consultation for specific matters, the latter spending some time at the Home Office. In 1873, Benjamin D. Kennedy, from Kentucky, became the Company's first regular actuary. He was succeeded on his death by Major Wil-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

liam C. Gould, in 1885. The latter held the office until he passed away, in January, 1901.

For two or three years following Major Gould's demise, his son took charge of the department, but without the title. On the recommendation of David Parks Fackler of New York, John F. Roche, who was with the New York Life and whose training and service to the Pacific Mutual have been noted at some length in the preceding chapter, was appointed Actuary and began his duties the first of the year, 1904. Mr. Roche resigned, in 1909, and was succeeded by Alfred G. Hann, present Actuary.

Mr. Hann belongs to an actuarial family. His father, Robert G. Hann, was for many years associate actuary for the Equitable Life of New York, and a brother of Mr. Hann is also an actuary. Mr. Hann was an assistant in the actuary's office of the Conservative Life at the time of the consolidation, and continued in that position for the Pacific Mutual until the summer of 1907, when he resigned and became actuary for the Colorado Insurance Department. Since his appointment as Actuary by the Pacific Mutual, in 1909, he has filled that office to the entire satisfaction of the management.

When Mr. Roche was Actuary, Miss Laura D. Kirkness was his chief assistant. She continued with the department till 1911, when she was succeeded by Claude A. Wayne, who was given the title, Assistant Actuary, and he in turn by Leslie J. Cooper, in 1924, who is the present Assistant Actuary. Mrs. Ethel J. MacFarland, an Assistant Secretary of the Company, devotes all of her time to the department, and has charge of certain sections of its work. There were sixteen employes in

## DEPARTMENTS AND COMMITTEES

this department, in June, 1906; at the close of 1927, the number was sixty-five.

The duties of the Actuarial Department are numerous and most important. They include the preparation of all life policy forms, endorsements, riders, premium notices and receipts; the fixing of premium rates; the calculation of reserves, non-forfeiture values and dividend scales; the tabulation of mortality and other statistics relative to the experience of the business; the handling of all reinsurance transactions, and the preparation of the annual statement. While most of its work is in connection with the life business, it also serves the Accident Department in many matters, particularly non-cancellable income insurance, and the various forms of disability coverage issued in conjunction with life policies.

Whenever the Company has felt the need of outside assistance in its actuarial requirements, it has always sought the best. Besides the two Wrights, David Parks Fackler and Miles M. Dawson have served the Company in the capacity of consulting actuaries, and latterly and for several years, the late General S. H. Wolfe of New York, who passed away suddenly just two days prior to the Pacific Mutual's sixtieth birthday.

**SUPPLY DEPARTMENT.**—The history of this department as a department dates from 1906, when Harry J. Brown, now Assistant Secretary, was placed in charge of the Company's supplies in an office outside of the home office building. The department superintendent not only had in hand the custody of the Company's supplies, but also did all purchasing for the Company on the



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

order of Company officers and department heads, and saw that all orders for printing were properly filled.

When the first unit of the present Pacific Mutual Building was completed, in 1908, the department was moved into it. For several years the Life and Accident Departments each had its own superintendent of supplies. In 1915, this dual arrangement was abolished, and the matter of supplies was placed under one superintendent. In June, 1917, J. W. Shaffer was appointed Purchasing Agent and Superintendent of the Supply Department, which office he still holds.

The department has expanded greatly in the last ten years and comprises six sections—Printing, Multigraphing, Clerical, Purchasing, Receiving, and Shipping, which require a staff of twenty-six people to handle the work. In 1927, the department shipped on order approximately 6,000 packages by express, and more than double that amount by mail. The cost of the supplies and outside printing handled by the department, in 1927, was \$145,-691.35.

In 1921, the department undertook to do some of the Company's printing in a small way, such as the imprinting of letterheads and envelopes. Some idea of the proportions this section has assumed can be gathered from the work it turned out in 1927, embracing over 7,000 jobs, and producing more than 16,500,000 impressions. This printing covers only the simpler jobs, as all more complicated pieces of work are done in outside shops.

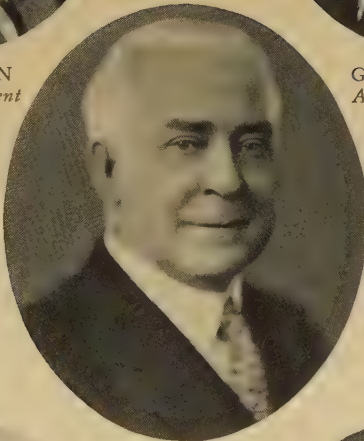
FIELD SERVICE DEPARTMENT AND SCHOOL FOR SALESMEN.—The Field Service Department, as has been observed, is under the general supervision of the Agency Executive Department, and includes the School for



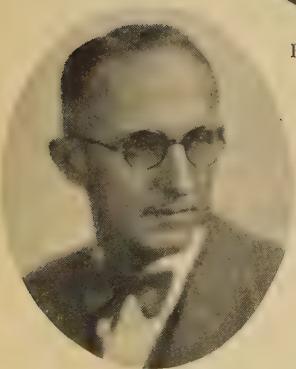
D. C. MACEWEN  
*Junior Vice-President*



GEORGE H. GREGG  
*Assistant Secretary, and  
Superintendent of  
Claims*



RICH J. MIER  
*Vice-President*



CARY GROTON  
*Assistant Secretary*



ROBERT R. HARROLD  
*General Claim Representative*

OFFICIALS IN THE ACCIDENT DEPARTMENT



GAYLORD N. MARTIN  
*Superintendent, Agency Accounts*



A. J. GOTTSCHALK  
*Superintendent, Railroad Division*



J. W. HORTON  
*Superintendent,  
Monthly Premium  
Division*



JOHN W. RHODES  
*Assistant  
Superintendent of  
Claims*



J. BEACH RHOADES  
*Claim Adjuster*

OTHER MEMBERS OF ACCIDENT DEPARTMENT STAFF

## DEPARTMENTS AND COMMITTEES

Salesmen. The latter, however, was organized first, and field service was made a part of its work. When a Field Service Department was created later, the School was placed under its direction.

The Pacific Mutual was one of the first companies to establish a correspondence school of life insurance. An increasing intelligence in insurance matters on the part of the public, some fifteen years ago, had begun to make apparent the need for better trained sales forces to represent the companies. President Cochran was one of the first to sense this situation, and early in 1914 gave orders that a school should be organized for the Company's agents. That order was carried out forthwith, and the School for Salesmen began work in the spring of 1914, under the direction of a committee consisting of President Cochran, Vice-President Gail B. Johnson, and Vice-President C. I. D. Moore, then Secretary.

Forbes Lindsay, a man of extended and varied experience in life insurance salesmanship and in numerous other lines, who had ability much above the ordinary, and was at the time connected with the Home Office Agency as an assistant manager, was appointed first Superintendent of the School, and prepared the course. Its objective was to give instruction in life insurance and in salesmanship. Although the Company's agents were not required to take the course in the early years of the School's existence, the response from the field was generous from the first. There were one hundred and thirty students enrolled in the first class, among whom were many of the Company's leading producers, including several of the General Agents.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

The course that was given for several years consisted of thirteen lessons, one of which was mailed to the student each week, accompanied by a quiz paper, with a time limit of one week for the return of answers to the questions. Students who completed the course in a satisfactory manner were eligible to take the final examination, and if their rating met the requirements of the School, a Graduate Certificate was issued. The graduate who produced \$100,000 of paid business, later increased to \$200,000, during twelve consecutive months, was given also an Efficiency Certificate.

Miss D. B. Parker was appointed Secretary of the School at the beginning, and still holds that office, which she has filled with efficiency and to the satisfaction of both Company and students. With an assistant she has attended to all of the routine work of the School, a task involving many details and much work.

Under Mr. Lindsay's superintendency, the School's staff engaged in a number of auxiliary and additional activities. A course of sixteen lectures on life insurance, which he delivered to classes at the University of Southern California, were used as a post-graduate course throughout 1916, for which ninety-two students enrolled. The next year, a second post-graduate course was given in personal efficiency, which had seventy-seven entrants. Both of these courses were published in pamphlet form and made available to later students as a voluntary post-graduate reading course. The School also instituted and operated plans for stimulating the sale of the Multiple Protection, now called the "5 ways" policy. A traveling pictorial exhibit illustrating the necessity for life and accident insurance was prepared

## DEPARTMENTS AND COMMITTEES

by Mr. Lindsay, assisted by D. C. MacEwen of the Accident Department, now Junior Vice-President, and displayed in many of the public schools. A bureau of information was established to furnish salesmen leads to business insurance and other large cases by furnishing materials and data not ordinarily available to them. A research file containing pamphlets, clippings from journals, and like materials containing matter worthy of preservation for future reference was begun. A field service section, out of which grew the present department, was established for the purpose of studying through questionnaires the needs of, and furnishing assistance through correspondence to, individual agents. Mr. Lindsay was a most industrious worker and a prolific writer of high-grade material for field men. In addition to the foregoing, he did much work on the Company's field literature and contributed many articles to the *PACIFIC MUTUAL NEWS*.

On January 1, 1918, the present Field Service Department was instituted, with C. I. D. Moore, then Secretary of the Company, Superintendent, and James L. Collins, who had come in from the Home Office Agency as Mr. Lindsay had done, as Assistant Superintendent. Shortly after, the work and title of the superintendent were turned over to Mr. Collins. He was also appointed as Assistant Editor of the *NEWS*. Mr. Lindsay left the Company about this time to carry on such work as he had been doing for the Pacific Mutual in a private capacity, offering his services to all companies who might desire them.

Under Mr. Collins, the School course was divided into two sections, the first containing a short, intensive course

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

of ten daily lessons, which could be easily completed in a couple of weeks' time. This first section was designed to meet the needs of the beginner and gave him the main essentials in a short time. All new men with the Company were required to read it. The second section consisted of the original course, revised and abbreviated. Students on completing the first section were strongly urged, but not compelled, to read the second section.

In June, 1924, Mr. Collins resigned, having been appointed as Superintendent of Agencies in another company, and Elmer S. Nelson, the present incumbent, succeeded him. Mr. Nelson had for some years been instructor in economics at the University of California at Los Angeles.

Under Mr. Nelson's supervision, aided by Assistant Secretary F. H. Small, of the Actuary's Department, a complete revision of the School course was made, conforming it to new rates and policy provisions, and adding a chapter on Program Insurance. At the beginning of 1927, Mr. Nelson substituted for the second section of the course a series of weekly letters to students, covering a period of four months, and sent to the student after completing the first section satisfactorily. These letters, containing many suggestions calculated to develop the production of the new agent from the beginning, were the means of causing not a few agents to use methods and adopt plans for doing their work that have been decidedly helpful, and secured other good results.

From June, 1914, to the end of 1927, the School for Salesmen enrolled 10,018 students. From 1914, to the adoption of the revised, abbreviated and more practical

## DEPARTMENTS AND COMMITTEES

course in 1921, the annual enrollment averaged in the neighborhood of 450, but since that time it has averaged practically one thousand.

Many enthusiastic expressions of appreciation have been received from students who have completed the course, including those who before taking it had made enviable records as underwriters. These, containing in most instances testimonies to the great benefit conferred, leave no doubt in the minds of those who have been responsible for the School as to the wisdom of establishing it.

HEALTH AND WELFARE DEPARTMENT.—The welfare work for our home office force began in a small way, and expanded as experience and observation revealed the necessity for it. The needs of the employes were carefully studied, but from the beginning no attempt was made to give them assistance they did not desire.

In the midsummer of 1920, President Cochran gave orders that such a department be established. For three years previous, the Company had in its employ in the Medical Department, Miss Lillian E. Gorham, a registered nurse, who was frequently called upon to minister to the needs of employes. She was placed at the head of the Health and Welfare Department, and Miss Lina A. Ness, also a registered nurse, was appointed as assistant. They still occupy these offices.

The duties of the department have been to render first aid or medical treatment to employes when injured or ill; to make physical examinations of all applicants for employment, and employes appearing for Employee's



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

Life Insurance Benefit; to report and record all absences of employes, and to visit sick employes in their homes.

The department was first located on the second (mezzanine) floor of the original unit of the building, then moved to larger quarters on the same floor of the twelve-story unit, in 1921, and finally located on that floor in the three-story unit, in 1926. In its present location it occupies 5,104 feet of floor space. This space is devoted to an entrance room, two telephone booths, a waiting room, dispensary, nose and throat room, a special room for treatment of sprains and fractures, a hospital room, bath room, diet kitchen, silence room, two examination rooms, two offices and a dressing-room for the nurses, and a large rest room for women employes, which is comfortably furnished with couches, settees, chairs, tables and writing-desks.

The staff of the department includes, besides the superintendent and her assistant, two other trained nurses, a stenographer, a librarian and two maids. As the Company's employes increased rapidly in number, more and more time was consumed by visiting those who were ill at their homes. To conserve the time of the nurses in this respect, the Company procured an automobile, in 1922, for their use.

Employes who are under par physically are kept under close observation, and where considered advisable, they are required to report at the diet kitchen at regular hours for special nourishment. Some of the items in the report of the department for 1927 which show the extent of the service it gives, are these: Number of treatments given in dispensary, 12,223; nourishments in diet kitchen, 4,302; house calls, 1,432, and physical examina-



DR. MILBANK JOHNSON  
*Chairman,  
Claims Committee*



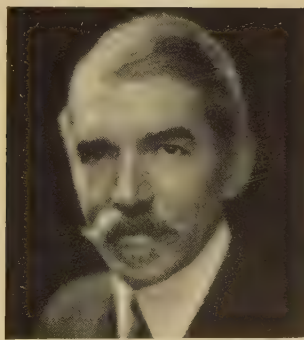
LAURENCE W. MORGAN  
*Assistant Secretary, and  
Superintendent*



HARRY E. MOORE  
*Junior Vice-President*



MISS MABEL G. McCLINTOCK  
*Ass't Secretary, and Superintendent  
Renewal Department*



ROSS M. CROSHER  
*Superintendent, Life Maturity  
Department*



HERBERT E. BROWN  
*Ass't Treasurer and Superintendent  
Policy Loan Department*



MISS EILLIAN E. GORHAM  
*Superintendent, Health and  
Welfare Department*



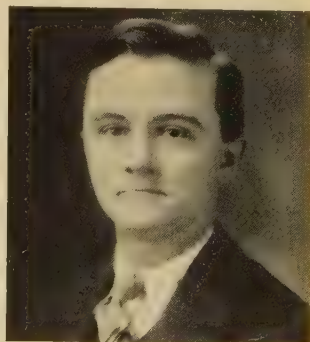
J. WESLEY SHAFFER  
*Superintendent, Supply Department*



THOMAS L. INCH  
*Superintendent, Emergency Department*



WILLIAM L. CLARK  
*Manager, Lunch Rooms*



R. F. TRAEGER  
*Agency Auditor*

## DEPARTMENTS AND COMMITTEES

tions, 489. There were sixty-three orders issued for the service of oculists and opticians, for which service the Company has a special arrangement with such tenants in the building.

The employees' Library and Reading Room is an adjunct of the Health and Welfare Department, and under its direction. The book circulation, in 1927, was 18,921. The department as a whole has proved its value again and again, has been efficiently conducted from the beginning, and is commonly regarded as a most excellent part of the Company's home office organization.

MAIL DEPARTMENT.—As so much of the business of the Pacific Mutual is carried on through the mail, the proper handling of all mail matter is a highly important item in home office procedure. Prior to 1906, there was no such department. The incoming mail came to the President's desk, and the mailing was left to an office boy.

In 1906, it began as a mailing section of the Cashier's Department, and a definite system of handling the mail was started under E. W. Fuller. Assisted by an office boy, he attended to all outgoing and incoming mail for the Company, but the Accident Department looked after its own outgoing mail. In 1923, the personnel consisted of a section head and two clerks, under the Superintendent of the Life Filing Section. In 1925, it became a separate unit and took over the sending out of the Accident Department mail. At that time it took on the dignity of a department.

The duties of the Mail Department are to open, sort, and distribute the incoming mail, send all moneys and checks to the Cashier, and collect, seal, and stamp the outgoing mail. The Company is continually endeavor-



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

ing to speed up the outgoing mail, and with this in view has installed a postage meter machine for light mail, which seals and imprints the postage and has a capacity of three hundred letters per minute. For the heavy mail, the Company has obtained a permit from Washington to use precanceled stamps on first-class mail. These two devices eliminate two handlings at the post-office, and enable the home office to deliver its mail an hour later than would otherwise be necessary to catch the mail trains. The mail truck makes five trips per day to the nearest post-office with outgoing and for incoming mail, and one trip to the main post-office in order to get the mail on the fastest mail trains at the last possible moment. The Company uses the air mail service to a limited extent for rush material, but the high rates charged for this service prohibit its use for such heavy mail as policies, to any great extent.

There are four in the staff of the mailing section, with an extra employe the latter part of the day. G. S. Storrs has had charge of the section since 1925. The amount of mail has grown rapidly. We have no figures for the early years. The average number of pieces sent out daily, in 1923, was 1,100; in 1927, it had climbed to 2,445 pieces per day. The incoming mail, which is not as heavy as the outgoing, averaged 2,160 pieces, daily, in 1927. The Company's bill for postage, in 1927, was \$22,438.37.

INDEX DEPARTMENT.—When an application for insurance comes in to the home office, before action on it is taken, the Index files are consulted to determine what record, if any, on the applicant has been made therein. These files, which are made up of small cards, one for

## DEPARTMENTS AND COMMITTEES

each individual, contain a notation as to life and accident policies issued; reports covering impairments of applicants for life insurance, which are furnished by the Medical Information Bureau; Hooper Holmes Bureau and Accident Underwriters' Association reports, which cover all impairments on applications for accident insurance and impairments noted under claims on life and accident policies; and other like data.

The first Index was established at the home office in San Francisco, in the early nineties, when the work of handling it was detailed to Miss Grace P. Bullard (now Mrs. Leonard L. Mills), secretary to the President at that time, and the first woman stenographer employed by the Company. When the Index grew to such proportions that its work was more than Miss Bullard could handle, a specialist from the city directory was engaged to take charge of it.

There were, for some time, separate files maintained for the life and accident business, but these, on recommendation of Mr. Mier, were united, a task that required two and one-half years' work. These records, which filled several cabinets, were all destroyed in the fire of 1906.

When the Company moved to Los Angeles, it was decided to again separate the Index into a life and an accident division. This meant that all cases had to be routed first through one Index and then through the other. When the business became voluminous, the resultant loss of effort and time was so great that the separate indices were recombined. As there were 1,200,000 cards in the files at that time, the work required to make this change called for the full time of quite a large

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

group of employes for more than a year, and entailed considerable expense, all of which was justified by the saving since effected. This change was begun in 1923.

The Index is one of the working departments of the Company that cannot be kept from expanding. At the close of 1927, it comprised ninety-five cases of eight drawers each, and contained close to 6,000,000 cards. It is growing at the rate of about 2,000 cards per day.

The Index is operated in two divisions, one under Miss Winnie Schaefer, and the other under Miss Vesta Junge. There are now, besides these two, forty-one young women handling the Index. To assimilate what to these employes is at first a bewildering mass of detail calls for considerable work and close application for at least six months before proficiency is secured. Each card must present to the mind of the employe a picture of something definite, and is much more than a mere card. The Index clerk must be endowed with some imagination, and be able to think just a little farther than appears necessary on the surface. Above all she must be accurate, for a mistake in filing may bear unfortunate results. Care must be exercised in the spelling of names, as many that are pronounced alike may be spelled in a great variety of ways. Ability to decipher correctly names illegibly written is also a requisite of the competent Index clerk.

### 2. LIFE DEPARTMENTS

POLICY DEPARTMENT.—At the outset, there was no necessity for a Policy Department. The work of writing the few policies issued daily was a comparatively small matter, and was handled by one of the clerks.

## DEPARTMENTS AND COMMITTEES

For many years all policy forms were filled in, in long-hand. Mr. Mier, who was appointed policy clerk in 1884, had about a half dozen of other definite tasks to perform daily.

Preceding Mr. Mier, and while the Company was in Sacramento, Herbert Moore, son of President Moore, was the policy writer. The policies were beautifully written and frequently engrossed, as Mr. Moore was an exceptional penman. Many of these policies are still in the old files of the Company.

It was probably about 1890 that a regular department came into being. After the merger, in 1906, the Policy Department became one of the major departments of the Company, and has been such since. At that time, Harry E. Moore, now Junior Vice-President, was Superintendent of the department. Later, Walter E. Woodcock, who came to the Company from the Prudential Insurance Company, relieved Mr. Moore, whose other duties were calling for his full time. After Mr. Woodcock's death, in 1917, Laurence W. Morgan, now Assistant Secretary and present Superintendent, was placed in charge of the department.

When applications, forwarded by the General Agents and Managers, reach the home office, they are first delivered to the Policy Department, where other papers, such as the medical and inspection reports, are assembled with them. They are then sent to the Medical Department for approval and, when returned to the department, the policies are issued, carefully checked, and compared, before mailing them to the agency offices for delivery. The Policy Department reviews all applica-



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

tions to determine occupational, financial, and moral hazards. Eligibility of the applicant for accident and sickness, accidental total loss, and permanent total disability benefits is also considered. Reissues and the addition of benefits just named to outstanding policies are also handled by the department. Accounts with medical examiners and an abeyance file of pending cases are kept here.

In the year 1906, the Policy Department handled a total of 11,112 applications, involving \$22,519,614 of life insurance. These figures, for 1927, had grown to 30,051 applications, and \$143,547,645 of insurance. At the close of 1927, there were ninety-four employees in this department.

RENEWAL DEPARTMENT.—Now the largest of all the departments, save the accident taken as a whole, with its 130 members, the Renewal Department's beginnings are obscure. Just when it emerged from under the wing of some part of the organization as a full-fledged department, does not seem to be definitely known. The Renewal Department of the Conservative, with Miss Mabel G. McClintock, now Superintendent, in charge, and the Renewal Department of the Pacific Mutual, which was under the supervision of Dr. V. A. Humphrey, now Assistant Medical Director, were united after the consolidation, in 1906. Dr. Humphrey was placed at the head of the department, with Miss McClintock as Assistant Superintendent. In 1909, Dr. Humphrey was transferred to the Medical Department, and Harry E. Moore succeeded him. Mr. Moore, who had been placed over the Life Department as Manager, in 1920,

## DEPARTMENTS AND COMMITTEES

relinquished the office to Miss McClintock, who has superintended the department since that year, with Hart Bellinger as Assistant.

The Renewal Department has a variety of duties involving much detail. It has charge of the central policy and premium record cards. The work incident to the custody of these records includes the preparation of notices and receipts for premiums due; posting premium payments and dividends used; recording changes in address, name of beneficiary and assignments; making up records of status of policies for other departments, for new business, and for the Claims Department; making report of lapses; checking the values available for premium loan notes; all the detail work in connection with reinstatements, including a large proportion of the underwriting therefor under the supervision of the Medical Department; and general correspondence with the policyholders and the General Agents.

In this department, the agencies are divided into five sections. The general work in connection with each agency is handled by a group of clerks, each group under the supervision of a section head. Besides these five sections, there is the Figure Tag Section and the Hollerith Section.

The Hollerith Punch Card System, which has been in use at the home office for twelve or fourteen years, is employed by the Actuarial, Policy Loan, and Accident Departments, as well as the Renewal. An explanation of this system of obtaining from perforated cards by machines electrically operated a great variety of information in a short time, and performing numerous intricate and elaborate calculations, and all by simply run-

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ning files of cards through a machine, cannot be given here. If Actuary Kennedy's arithmometer was a seven days' wonder in the early days, these Hollerith machines, almost uncanny in their ingenuity for speedy and accurate compilations, are a perpetual wonder. The amount of time, work, and expense saved by them is almost incalculable. Without them, the modern insurance company would find it exceedingly difficult to carry on its business.

POLICY LOAN DEPARTMENT.—At the close of 1927, the Pacific Mutual had \$20,564,117.01, or a little over 15 per cent of its total assets, loaned to its policyholders on their policy contracts as security. The loan privilege, originally intended to serve most worthy purposes, has been much abused by policyholders in all companies, and has often proved to be a privilege inimical to the best interests of their dependents. Herbert E. Brown, Assistant Treasurer and Superintendent of the Policy Loan Department, has been mentioned in an interesting connection in an early chapter, and has long been connected with the Pacific Mutual. To give a brief history and sketch of his important department, I cannot do better than reproduce here the interesting account of the department which he has written at my request. The balance of the paragraphs on this subject are, therefore, his.

"Although the provision as to borrowing is a standard feature of all modern insurance policies, it is interesting to know that it was many years after cash surrender values had been allowed before life insurance companies deemed it a part of good underwriting to permit the pledge of policies back to the Company as security for

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loans. The right to cash out a policy was given first by the Pacific Mutual in the edition of 1879, whereas conversely the edition of 1897 was the first one containing the policy loan privilege. A previous edition gave the insured the right to borrow for the purpose of continuing the policy in force, but he was allowed to do nothing more antagonistic to his life insurance interests. Even in the edition of 1897, the loan was limited to 75 per cent of the surrender value.

"Looking back over this vista of years it seems probable that those who drew up the policy contracts in that experimental stage were influenced by banking procedure, which limits a loan to something less than the market value of the collateral. While they were willing to go quite a way to help maintain a policy threatened with extinction, yet they were not quite prepared to go the entire distance. Thus they still put a premium on cash surrenders where the necessity was great enough to require the withdrawal of the entire reserve. Happily, the Company's officials were quick to modify in actual practice the conditions of these policies, and almost from the time cash loans were available they were allowed on the basis of full surrender values.

"The volume of loans in the early years of the century did not amount to a great deal, and it was only after the Company's removal to Los Angeles, in 1906, that the policy loan work attained the dignity of being organized into a department. Upon my advent, early in 1904, the total outstanding loans were but \$250,000. Upon my removal to Los Angeles, a little more than two years later, the total, aided a little by the Conservative Com-



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pany's loans, had increased to about \$450,000, and by the end of that year, to nearly \$600,000.

"In 1904, the embryo department consisted of a single desk, which was an adjunct to the Cashier's Division. I had the services of a stenographer for an hour or so each day; otherwise, I did all the work myself—wrote up the loan agreements, issued requisitions for the checks, mailed out notices for the interest, recorded payments as they came in, and did what I could for the Cashier when I was not busy. One of my first acts, upon being initiated into the mysteries of policy loans, was to lose a signed loan agreement calling for a considerable sum. I can still recall the relief I experienced when it was finally located between the leaves of a big policy register.

"The single desk has since expanded to nearly thirty, and if our individual loans were recorded on ledger folios, they would require a book of nearly 45,000 pages. The sum total of outstanding policy loans closely approaches the twenty million mark, and it is no longer unusual to lend half a million dollars in a single month. Last year we loaned \$5,400,000, increased our total of loans by more than two millions, and collected about half of that in interest.

"Although the policy loan work is not directly concerned with life insurance underwriting, yet interestingly enough we are continually in touch with all phases of the Company's business. It seems that every conceivable combination having to deal with new policies, reissues, lapses, cash surrenders, even the Investment Department, is thought out and put up to us by some policyholder or agent in the course of the year.

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"As through Sir Walter Scott's novels there travels an endless procession of kings and queens, knights, and elegant ladies and gentlemen, so through the Policy Loan Department there passes in continuous review, in person or by letter, those who wish to obtain some money for a purpose that to them, at least, is vital and interesting. They range from the broker who was pinched in a falling market and who wired for a loan, to find that his net available value was \$6.85, to the man who confided in us that the extra pair of mules to be purchased with his loan was all that was required to make his little farm a complete success. They include the man who came in one day, frantically demanding a check in the short space of an hour to provide bail for his wife, who was in jail for speeding, and the colored woman who could not wait until her endowment policy matured, but discounted the last year's value by means of a loan so that she could buy a sedan. Without doubt, many a policy loan has taken the shortest route to Detroit for conversion into something of greater or lesser horse-power."

LIFE MATURITY DEPARTMENT.—In the early years of the Company, and for a long period, the payment of claims did not involve sufficient work to justify the creation of a special department to handle them. All claims, even for many years after the Accident Department was organized, were submitted to the Executive Committee of the Board of Directors and approved for payment, an individual entry being made in the minute book for each claim. It was then the duty of the Cashier at the home office to issue the required checks.

Since 1907, all claims under life policies have been handled separate from accident claims. In that year,

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the Life Maturity Department, as it is called, was created, and Ross M. Crosher, still its Superintendent, was placed in charge. At that time the department handled, in addition to death claims, the payment of permanent total disability claims, maturities and surrenders. There were two clerks in the department besides the Superintendent. Not infrequently the total death claims did not exceed \$25,000 per month. Since then, the department has taken over all payments on account of annuities and installments, and attends to changes of beneficiary and assignments, and all endorsements that alter the mode of settlement.

The department added to its staff, in 1927, J. W. McLeod, as Assistant Superintendent, whose specific work is to look after all permanent total disability claims. Miss Sydney C. Young has been assistant to the Superintendent since 1907, and has charge of all office routine. There are twenty-six in the department, all told.

It has long been the policy of the Pacific Mutual to pay all claims and proper demands from policyholders with the utmost dispatch, and every effort is made to secure that result. Sometimes formalities are waived where the validity of the claim is beyond question, and there are reasons why payment should be rushed. The usual practice, as soon as the papers have been completed, is to give immediate action on the claim, issue the check, and get it into the mail with no more delay than physical conditions impose. In the great majority of cases the check is issued on the day the claim is approved.

AGENCY ACCOUNTING DEPARTMENT.—This department was organized after the amalgamation, in 1906, with A. F. Culling in charge as its Superintendent, and

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Frank J. Steinebrey as Assistant. One of the major tasks of the department, at the outset, was the conversion of the numerous branch offices to general agencies. The work of the department required a larger staff of employes than otherwise would have been necessary. The average number engaged, during the latter half of 1906, was eleven.

In August, 1912, when Mr. Culling was transferred to Chicago to take charge of the Monthly Premium business of the Accident Department, and Mr. Steinebrey became Supervisor of Agency Accounts, which he still is, six employes were sufficient to do the work. The department, at the close of 1927, had eighteen. Nevin Albert, who was appointed Assistant Supervisor of Agency Accounts, in 1912, has continued in that office since. J. E. Schultz is at the head of the accounting section.

Because of the nature of its duties, the Agency Accounting Department has from the beginning worked in close cooperation with the Agency Executive Department and the Renewal Department. Those duties include the general supervision of all life premium collections, commission and other disbursements to agencies, and the preparation of all such items monthly in the form required for the Company's annual statement. It has, therefore, to maintain proper banking and other accounting records within the general agencies and the branch offices.

Other duties are the custody of all general agency and branch office contracts and their enforcement, and the review and approval of sub-agency contracts. The department compiles various agency statistical reports,



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such as the written and paid business of all agencies and individual solicitors, including Big Tree Club membership records. It also maintains a record of second-year lapses, from data furnished by the Renewal Department, sees that all soliciting agents are duly licensed, and has charge of all fidelity bonds upon all home office and agency employes who are bonded, and upon general agents. This department is responsible to some extent for supplies consumed in agency offices that are furnished by the Company, and keeps a close check on all such items.

The Agency Accounting Department is called upon by the Agency Executive Department for detailed information almost daily. The head of the department is a member of the Agency Committee, and serves on numerous committees that handle agency matters. He gives special attention to the work of the agency cashiers, and has done much valuable work in directing them in their duties. He not infrequently visits agency offices for that and like purposes. The Agency Auditor of the Company is subject to his direction.

**FILING SECTION.**—The Life Department Filing Section has charge of the centralized files. Upon receipt of an application for life insurance, a file is made up by the Policy Department of the application, medical examination, inspection report, and any letters accompanying the application, and is identified by the policy number which is assigned to the case when approved. This file is later forwarded to the Filing Section for safe keeping. All subsequent letters and papers regarding this particular policy are filed in chronological order on this file by

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the Filing Section, thus providing a centralized file available at all times for review.

These application files are kept by policy number in fire-proof vaults, and are sent to the various departments whenever called for. Upon receipt of a request for an application file, the papers are sent to the individual calling for the file, and that person is charged with it and is held responsible for it until it is returned to the Filing Section. When the file is returned, it is carefully checked to see that all papers on the file properly belong to it and that all letters received have been attended to.

In the earlier years, only the application and medical examination were filed by this section, the correspondence relating to the policies being kept by the departments interested. The applications and medical examinations were permanently bound into large books. Later on, the practice was started of pasting all incoming letters on the application to which they referred, and books of letter-press copies of outgoing mail were maintained. Thus, when it was necessary to refer to any particular case, one had to go to the Filing Section, refer to the book containing the application, and also refer to any number of correspondence books, in order to completely review the case.

As the Company increased in size, the various departments became further removed from the Filing Section, and it was therefore not practical for those interested to go to the Filing Section to review correspondence. In 1906, shortly before the amalgamation of the Conservative Life and the Pacific Mutual, the

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books were torn apart and a separate file made of each case, somewhat similar to the system now in use.

After the home office was moved to Los Angeles and the work of separating the files was completed, and by the time the Company had moved into its new home office, in 1908, the Filing Section was operating practically as it is today. It was located on the mezzanine floor, sharing room with the Policy Department. From four to six clerks were needed to take care of the work, the application files were kept in the small vault on that floor, and the not-in-force files were stored in the basement.

When the second unit to the home office was completed, in 1915, the section moved to the basement, occupying space now used by the Supply Department. Three small vaults were needed by this time, with a personnel of eight clerks to take care of the work.

Upon completion of the third unit of the building, in 1921, the section moved to its present location in the basement of the new building, which was especially designed for the use of the Filing Section. In 1923, the head of the section, Henry T. Ward, died, and the present Superintendent, A. M. Fields, took charge.

The Filing Section has kept pace with the other departments of the Company in growth, as the following comparison will show. In June, 1924, thirty-two clerks were needed, while in December, 1927, forty clerks were used. In June, 1924, there were about 545,000 applications on file, while in December, 1927, there were on file approximately 676,000 applications. In 1924, 17,852 applications per month were called from the Filing Section by various departments throughout the

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Company, while, in 1927, this number had increased to 24,787 per month. In 1924, the Filing Section filed 18,816 letters and papers per month, and in December, 1927, there were filed 36,943 letters and papers of various kinds.

The photostat section is also under the supervision of the Filing Section. In the earlier days, hand-written or typed copies of the application and medical examination were placed in each policy. In 1911, a photo-copying machine was purchased, which made photographic copies of the papers, and this proved so satisfactory that, in 1924, two photostat copying machines were installed. These machines are used not only to make photographic copies of the application and medical report required to be affixed to each policy, but they are also used to photograph maps, documents of all kinds, schedules, instructions and, in fact, anything where accuracy, speed, and a large number of copies are required. Two operators are regularly employed, and in 1927, this section produced over 90,000 photographs.

### 3. ACCIDENT DIVISIONS

The Accident Department of the Pacific Mutual contains almost as many separate departments as the Life, but they have been designated by the term, "division," instead of "department," in almost every instance, to avoid confusion.

In the preceding chapter, in the section which contains the various activities of the Company in the interest of policyholders, quite a good deal has been given concerning the policies issued in the various accident divisions, and their development, which will not be re-



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peated here. There follows, therefore, just a brief sketch of the history of these divisions.

**NON-CANCELLABLE DIVISION.**—As this is the baby division in the Accident Department in point of age, being the last to be created, it should perhaps not be mentioned first. Its importance, however, the rapidity of its growth, its great value to the Company's life business in the large part it has played in swelling production, and the wide interest in the new form of underwriting it represents, perhaps entitle it to first place in order of treatment.

The somewhat full account of the evolution of non-cancellable coverage, given in the preceding chapter, leaves little to be said that relates only to the brief history of the division. The growing conviction, shared by not a few underwriters over the country, that a disability policy that would provide adequate coverage for protracted periods and that could not be canceled was a real need that the companies were not meeting, culminated for our own Company in August, 1918, when the first Non-Cancellable Income Policy was completed and placed on the market.

Being something new, it arrested the immediate attention of the Company's sales forces, they acquainted themselves with its details forthwith, were greatly pleased with it in a majority of cases, and immediately set to work to sell it. It was not long before they discovered its merits and advantages, and observed its ready appeal to business and professional men earning from moderate to large incomes, for which class, particularly, the policy was intended. The result was that the volume of sales has been very satisfactory from the begin-

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ning. To the close of 1927, over \$15,000,000 in premiums have been collected in the Non-Cancellable Division. There are 90,000 applications on file at the home office.

There were, at the close of 1927, between seventy-five and eighty of the Company's agencies selling non-cancellable insurance, including practically every important center in which the Pacific Mutual does business. It has brought to the Company many thousands of the most desirable class of insurers. There are now 41,000 non-cancelable policyholders, of whom 18,000 carry also life insurance with us. The Company's experience with this business to date has been satisfactory. There is every reason to believe it will so continue indefinitely.

At the home office, the Non-Cancellable Division has from the beginning been under the superintendency of Cary Groton, Assistant Secretary, who, with a staff of ten employes, attends to all office details in the issuance and recording of this business.

COMMERCIAL DIVISION.—The history of the Commercial Division, for the first three or four years, is the history of the Accident Department, since in those years the department issued commercial policies only. The history of the department in its early years and, indeed, down to 1906, is also in large measure the history of Rich J. Mier, who had complete charge of the department at the home office, and was familiar with its every detail. Although Thomas Bennett was placed at the head of the department, when it was organized in 1885, he did little but agency work, aside from preparing a few of the first forms used, as he was in experience and training a field

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man. At the suggestion of Secretary Patton, the Company placed Mr. Mier in charge of the department when it was very young, and he has been the dean of the department ever since.

Vice-President Mier relates that when the Accident Department started it was represented that the profits of the business (commercial) would amount to 25 per cent of the premiums. Secretary Patton remarked, "I have those figures put away in my desk, and we will see how they turn out." This is interesting. I wonder what the Secretary would think were he now living. The excess income in the commercial business, in 1927, was two-tenths of 1 per cent.

Associated with Mr. Mier as his first assistant was Louis E. Marsh, who was the first stenographer employed by the Company. He used a five-key stenograph and a Remington typewriter of that day, and was one of the earliest of what might be called expert typists. He received twenty-five dollars per month for his services, although he had won a prize for speed, writing 126 words per minute from dictation. Mr. Marsh is still living and active, an expert draftsman and the holder of numerous patents for mechanical inventions. Tool-making is his trade. I had a very pleasant little visit with him, in San Francisco, a few months ago.

Mr. Mier and Mr. Marsh occupied a small back room at the Company's headquarters, at 418 California Street. The only equipment they had was a table, a standing desk, and a safe. In a far corner of the room Vice-President George W. Beaver had a desk, an interesting relic even for that day, as it had come around the Horn.

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This dingy old office, long since nothing but a memory, was really the birthplace, and for several years the dwelling place, of our Accident Department.

The first commercial policies issued were on the lives of the fifteen Directors. Some of them were carried to, and by special grace even beyond, the age limit, notably those of D. W. Earl and Henry T. Scott. The first business transacted on the outside was with lumbermen in the redwood forests in Mendocino County. These men were insured for ten dollars per week for disability, and presented a great many claims for slight injuries.

The organization of the Accident Department made it easier for the Pacific Mutual to get a foothold in the East. The first jump was a long one, to Williamsport, Pennsylvania, the town Thomas Bennett had come from. Alex. M. Dean was appointed manager, and Williamsport was for some time a central office for the Company for a considerable section of the East. This was the beginning of the Eastern Department, comprising the Eastern, Middle, and New England States. Some of the early appointments, that followed soon after, were those of Baker & Motley, General Agents, at Kansas City, and Thomas McDearmon at St. Louis. The reinsurance of the Interstate Casualty Company, in 1900, brought to the Company Samuel Polk, who succeeded McDearmon at St. Louis, and has just retired, and Joseph Staples at Philadelphia, and still there.

In the San Francisco fire, in 1906, the Accident Department lost but few records of value. Thousands of claims and applications that were in the mill were reduced to ashes, but no complications resulted therefrom.



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The Index files were destroyed, and Mr. Mier reconstructed the Index after the Company was transferred to Los Angeles.

When the Pacific Mutual was in San Francisco, it issued for some time Passenger Accident Tickets, a form of accident insurance sold through railroad ticket agents. The Company spent much effort to make this feature a success, and collected quite a volume of premiums. It was, after a fair trial abandoned, because of lack of an adequate organization to handle it, and the competition of two or three companies that have enjoyed practically a monopoly of this business.

A history of the evolution of the commercial policy contract has been given in the previous chapter. The policies were always issued in the offices of the general agents, who also adjusted most of the claims, the claims representative handling only the occasional extraordinary or special cases. For these reasons, the Accident Department has not had to maintain a large staff in the Commercial Division at the home office. The Superintendent, F. Frank Stanley, and five employes, are all that are needed at present to handle that work. There are 20,000 commercial applications on file at present in the Filing Section at the home office.

RAILROAD DIVISION.—The Pacific Mutual's insurance on railroad employes, known at first as the Railroad Installment business, because of the manner in which premiums are paid, dates from 1888, when the Accident Department was but three years old. It was the second division of the Company's accident business to be organized.

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Among the first railroads on which the Company secured a franchise were the Grand Rapids & Indiana Railroad, and the Burlington Route. In 1891, permission was secured to operate on Southern Pacific lines. The concession was granted by the president of that railroad, Collis P. Huntington, who with Stanford, Hopkins and Crocker, constituted the "Big Four" mentioned in an early chapter. The Santa Fe system was added, in 1900, and from year to year other important lines were added, such as the Rock Island, Union Pacific, Chicago, Milwaukee & St. Paul, Illinois Central, Great Northern, Northern Pacific, Louisville & Nashville, Missouri Pacific, New York Central, Denver & Rio Grande, Western Pacific, and many others, with a total mileage of over 110,000 miles. The first railroad installment policies written were diminutive documents, about eight by four inches, were carried in the agent's pocket and issued in the field.

Vice-President Baker, when general agent at Chicago, was successful in building up the Eastern Railroad Department, with headquarters in that city, where George Keck is the present manager. Mr. Baker personally solicited railroad business, and before coming to the Pacific Mutual, did the same for the Travelers' Insurance Company on the Burlington Route. N. R. McLean, trained and developed in the business by Mr. Baker, was one of the outstanding successes in the railroad business at Chicago for several years.

The growth of the railroad business, slow at first, has been rapid in recent years. Up to the end of 1907, the division collected \$2,634,817.24 in premiums, an average of \$138,674 annually. Since that year, and to the end

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of 1927, the collections amounted to \$10,525,751.76, an average of \$526,287.59 annually. The premiums collected, in 1927, totaled \$699,238.67. The business written, in 1927, was on 22,607 railroad employees.

The Railroad Division operates and issues policies in five locations—Los Angeles, Chicago, St. Louis, Denver, and Albany. About three-fourths of the business is handled through the Chicago office which, because of the multitude of roads that run into that city, is the greatest railroad center for our Company. There are seven field superintendents, who hold contracts direct with the Company, and who supervise seventy agents traveling on all the roads on which a franchise has been granted. These men have the privilege of soliciting all classes, from the laborer on the rip track to the president of the company.

At the home office, all the business of the Railroad Division is handled by Superintendent A. J. Gottschalk and eight employees.

MONTHLY PREMIUM DIVISION.—The business written in this division of the Accident Department has been so named because the service it offers, being intended for the industrial or wage-earning classes, is paid for on a monthly basis. At first, the average policy was quite small, and was sold for a monthly premium of one dollar, for which reason this business was at first known as the "Dollar-a-Month" plan. Later, as the business grew and the policies were improved, the premiums increased much beyond the one dollar per month limit. As a result of this, the present name was adopted, in 1911.

For a number of years, the Pacific Mutual refrained from entering the monthly premium business for the

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reason that the policies were too restricted in their coverage. The premiums charged by the companies in this business were small, and the policies did not contemplate paying many claims. Finally, at the urgent request of F. W. Voogt, who with his brother had charge of the production of accident business for the Company, in its home field, for a good many years, a policy free from objectionable restrictions was issued, with a premium high enough to enable the Company to pay claims. This policy, however, could not meet the competition of the other companies.

The first monthly premium policy was issued on February 6, 1903, to Richard Grunitz, a machinist employed by the Union Iron Works at San Francisco. From the first, this business has been written through the Company's general agencies. In 1907, Herman A. Behrens, formerly with the Conservative Life, was sent to Chicago, and took charge of the branch office opened in that city, to which all monthly premium agencies established throughout the East reported. The agencies further west and on the coast reported to the home office. In 1912, A. F. Culling was sent from the home office to take charge of the monthly premium business at Chicago, and succeeded Mr. Behrens. He resigned, in 1919, when D. C. MacEwen took charge of the Chicago office for a few months, and until the management was transferred to Los Angeles, in 1920. Since that time, all monthly premium agencies have been directed from the home office. This consolidation was made possible by transferring the business of the smaller agencies to one central agency in each section of the country, and requiring that central agency to report direct to Los An-



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geles. It was thought this radical change would cost the Company a good deal of business, but, on the contrary, the premium collections for 1920 were heavier than in any previous year.

The business in the Monthly Premium Division has been satisfactory to insurers on this plan, as the Company has issued a liberal policy and has been fair in adjusting its claims thereunder. The Pacific Mutual has steadfastly refused to compete with companies issuing restricted policies with necessarily restricted claim payments. This business has been satisfactory to the Company, also. In its first year, the monthly premiums collected amounted to \$22,000; in 1927, to \$632,640. The collections since organization have totaled \$9,384,852.

This division at the home office is under the charge of J. W. Horton, Superintendent, with a staff of nine employes.

OTHER DIVISIONS.—Besides the foregoing, there are several other divisions in the Accident Department's organization, whose duties are similar in many respects to those of the corresponding departments that handle the life business at the home office.

The Agency Division, under Gaylord N. Martin, Superintendent, with twelve employes, is responsible for the collection of premiums and the payment of commissions to agents, and other expenses in the Commercial and Non-Cancellable Divisions. This division also has charge of all contractual matters in the general agencies and branch offices in these divisions.

The Statistical Division, W. H. Otis, Superintendent, with twenty employes, maintains records of the Company's experience in its accident and sickness business,

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upon which the premium rates are based. It compiles and furnishes a variety of statistical data when required by the officers and other departments, and works in close conjunction with the Actuary's Department particularly, furnishing that department with the statistics upon which non-cancellable premiums and reserves are computed.

The Accounting Division, B. A. Hilliard, Chief Accountant, with seven employes, is under the direct control of the Treasurer's Department, which has been covered at some length on a preceding page of this chapter.

The Stenographic Division has a staff of fifteen employes, including and under the supervision of Miss Zelma I. Purcell, the Superintendent of the division. All of these employes are stenographers and typists, and are subject to call from any division of the Accident Department. This division takes all the dictation, does all the typing, and writes all the policies issued in the department.

The Filing Division, Helen O. Seemann, Superintendent, with four other employes, is responsible for the filing and custody of all applications for insurance in the Accident Department, excepting the monthly premium, and all letters and other papers pertaining thereto.

The Policy Drafting Division, L. U. Stone, Assistant Underwriter in charge, prepares the policy forms issued in the several divisions of the Accident Department. It also prepares all other printed forms, including circulars, rate books, and advertising material used in the Accident Department. This division is required to see that policies and other forms are submitted to the various insur-

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ance departments for approval, as required by law. Mr. Stone works under the general direction of Junior Vice-President MacEwen.

The Forms and Supplies Division, D. A. McDonald, Auditor, with an employe to assist, has charge of the printing and distribution of all policies and other forms, and all supplies used in the Accident Department. As all Accident Department forms, other than the non-cancellable and the various "5 ways" feature policies, are issued at the agencies, printed forms sent out to the agents are numbered and recorded. It is the duty of this division to see that they are properly accounted for.

The Reinsurance Division attends to the reinsurance of amounts in excess of the Company's limits, in the companies with which the Pacific Mutual has a reinsurance agreement. Paul J. Bjorn is the Superintendent, and has one employe to assist him.

CLAIM DEPARTMENT.—As the payment of claims is the Ultima Thule of the insurance business, in all of its branches, the Claim Department is the one part of the Company's entire organization which, by the quality of the service it renders, is much more responsible than any other department for the reputation of the Company in the communities where it does business. For this reason, there is no part of the business that has called forth more earnest or conscientious effort on the part of the Company to perfect its service, than the Claim Department.

In the beginning, Mr. Mier, who was the Accident Department man at the home office, had among his many duties the investigation and approval of claims arising under accident policies. From 1899 until 1913, the year of his death, Fred L. Hunter had charge of this

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important work. For a year or two thereafter, Blake Franklin, now Assistant Counsel, filled that position, and was in turn succeeded by George H. Gregg, Assistant Secretary and Superintendent of the Claim Department. Mr. Gregg was appointed to the office and took charge at the beginning of 1915. There were, all told, thirty-one employes in the department, at the close of 1927.

The others holding responsible positions in this department are John W. Rhodes, Assistant Superintendent; six Adjusters, who are J. Beach Rhoades, Miss Bessie L. Corbin, H. W. Goodspeed, W. N. Rose, Eugene C. Letts, and H. W. Stewart; three Assistant Adjusters, T. A. Wiegand, Otis Healy, and H. L. Samm; Claim Auditor, Wm. S. Kuhn, and Claim Examiner, W. S. Beyer.

The advent of the non-cancellable business and the permanent total disability benefit in its present liberal form, which rapidly increased the work of this department, together with the Company's desire to bring to its policyholders direct home office claim service, resulted in the division of the entire field into a number of zones, with a Claim Representative for each zone. This arrangement was effected in 1924. Formerly, the claim men, known then as adjusters, had no definite territory assigned. As a result, their tracks crossed each other frequently as they traveled about the country, and because of this overlapping of work, the cost in time and money was larger than necessary. Under the present arrangement, each Claim Representative is located at a central point in his zone, and supervises and directs the



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agencies in the zone in the handling of their claims. This new plan has secured improved service to claimants, as well as greater economy.

A staff of fifteen Claim Representatives handles the work in the zones, three of whom and two assistants are located in Chicago, one and an assistant in New York, and one in each of the other zone cities. Robert R. Harrold, General Claim Representative, has charge of the entire field and staff. The zone cities and Claim Representatives stationed at each, are: Chicago, Edgar Harold and E. T. Mohan, Assistant, W. R. Carnduff for local claims, and J. Verne Swartz and J. A. Becker, Assistant, for railroad claims; New York, Louis Spengler and W. E. Hanley, Assistant; Atlanta, E. E. Lowe\*; Memphis, H. M. Smith; Cleveland, R. F. Moore; Indianapolis, E. R. Fortune; Seattle, J. H. Hill; Minneapolis, Fletcher Phillips; Kansas City and St. Louis, C. W. H. Niccum; Dallas, K. N. Pomeroy; San Francisco, L. G. Burford; Washington, F. R. Zoeller; Denver, P. H. Buck.

In the home office territory, the adjusters in the department handle all local claims, either by correspondence or personal interview. The work at the home office for the claim zone offices also comes under the duties of these adjusters, certain offices being assigned to each.

In former years, long before the present zone system came into existence, the Company was well served by two traveling adjusters, who have since passed on. They were W. H. Sale, Jr., and Dr. Frank G. Mason. Mr. Sale, who began as cashier under Vice-President Baker,

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\* Mr. Lowe passed away in April, 1928.

## DEPARTMENTS AND COMMITTEES

was the first traveling adjuster, and served in that capacity until 1906, when he was succeeded by Dr. Mason. When the latter died, on December 22, 1915, Robert R. Harrold, now General Claim Representative, was appointed in his place.

In the adjustment of claims, the Company avails itself of the use of The Insurance Bar, a directory of experienced men chosen with particular regard to their ability to make special investigation at almost any point in the United States. These men are endorsed by the International Claim Association, and are called upon to act as occasion demands. The medical examiners of the Company have, as one of their duties, the examining of, and reporting on, claimants for disability indemnity.

The Claim Department handles a large amount of business each year. In 1927, there were 23,631 notices of disability filed at the home office. Since the Accident Department was organized, 3,354 death claims, amounting to \$5,467,836, have been paid, and 396,257 disability claims, calling for \$21,407,887, making a total paid for both classes of claims of \$26,875,723.

In addition to all the foregoing, the Accident Department determines the policy conditions and premium rates for accident and sickness insurance, and accidental total loss insurance issued in conjunction with life policies. While the Life Department issues these policies and collects the premiums, it turns the latter over to the Accident Department, which has charge of all claim payments under this business. The details of the permanent total disability insurance issued with life policies are all handled by the Life Department which, in fixing the premium rates charged for this coverage, is aided by

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

the experience of the Accident Department. All of these contracts issued in combination with life policies, are issued at the home office.

The total number of people engaged in the work of the Accident Department, all divisions, at the home office at the close of 1927, was 160.

### 4. COMMITTEES

While the executive officers of the Company exercise considerable authority in the administration of its affairs, and each department, as has been seen, has specific duties to discharge, there are many important transactions to be executed, and frequent issues affecting Company policy and procedure arising from time to time, that should receive the best combined thought and judgment of the officers and directors, and others who by training and experience are qualified to attend to such matters. Decisions arrived at that have back of them the consensus of opinion of a competent group, are quite likely to be right decisions. The Company has, therefore, created several standing committees that function regularly at the home office. Following is a brief sketch of the purpose, duties, and history of these committees.

EXECUTIVE COMMITTEE.—This committee of the Board of Directors, which has existed from the beginning, at first consisted of five members, one of whom was the President of the corporation. In 1906, the number was increased to six, with the President *ex officio* making a seventh member. In September, 1921, an additional member was elected, so that there are now eight members, all told.

## DEPARTMENTS AND COMMITTEES

The duties of the Executive Committee, outlined in an early chapter, have increased in number, but have not changed in kind. They include the supervision of the Company's investments, control of the Company's property, approval of all contracts in which the Company is a party, the appointment of various committees, and numerous other duties, all subject to the Board of Directors. The Committee meets weekly, as it always has, keeps a complete minute of all of its transactions, and reports the same to the Board of Directors monthly for its approval.

The members of the Executive Committee, serving at the close of the Company's sixtieth year, were: Danford M. Baker, W. W. Beckett, W. H. Davis, Howard S. Dudley, John B. Miller, Lee A. Phillips, Henry M. Robinson, and George I. Cochran, *ex officio*.

**SPECIAL EXAMINING COMMITTEE.**—Under the present management, a committee of three Directors who are not Company officers, known as the Special Examining Committee, has been appointed at the January meeting of the Board each year, for the purpose of verifying the annual statement for the preceding year, examining into the business and conditions of the Company, and reporting its findings in writing to the Board not later than the regular meeting in May, following.

This committee is an extra check on the Company's operations, and informs the Board, through a careful examination made by Directors who are not engaged in the routine business of the Company, as to its exact condition from year to year. The duties of the Committee, and the method of conducting the examination, are given in detail in the By-Laws of the corporation. It is



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

authorized to engage actuaries or accountants, or any other assistance, should it deem the services of such necessary, subject to the approval of the Board or the Executive Committee.

This Special Examining Committee has not failed to do its work each year since its inception. All of its reports are on file in the minutes of the Board of Directors.

**LOAN COMMITTEE.**—In recent years, because of the rapid growth of its business, the Company has found it necessary to add several standing committees to its organization. One of these is the Loan Committee, which was created in February, 1926, for the purpose of facilitating and safeguarding its investments. It was a much easier task to keep the Company's \$12,721,564 of assets, in 1906, profitably and safely invested, compared with the work that now confronts it with \$132,273,479 on its hands.

The Loan Committee is appointed by the Executive Committee, holds daily sessions, and reports all of its transactions to the Executive Committee for approval. The resolution appointing this committee states that it shall make mortgage and collateral loans, and buy and sell securities. The membership of the committee consists of President Cochran, Executive Vice-President Phillips, who superintends the Investment Department, and five of the members of that department who are experts in their respective fields. These members are: Wesley C. Green, Junior Vice-President and Appraiser of Mortgages; W. A. Jenkins, Junior Vice-President and Assistant Treasurer; E. C. Potter, Assistant Secretary; Felix LaForce, and W. S. Watts, who is secretary of the committee.

## DEPARTMENTS AND COMMITTEES

UNDERWRITING COMMITTEE.—This committee was created at the same meeting of the Executive Committee as the Loan Committee, on February 26, 1926. Its province, as its name suggests, is to consider and act upon all important underwriting questions that come up from time to time, in so far as they affect the general rules laid down for the acceptance of risks and the underwriting practices of the Company. The committee meets only as necessity demands, and reports its proceedings to the Executive Committee.

The Underwriting Committee consists of Vice-President D. M. Baker, Chairman, Medical Director W. W. Beckett, General Counsel W. H. Davis, Actuary A. G. Hann, Vice-President Rich J. Mier, Junior Vice-President D. C. MacEwen, and *ex officio* President Cochran and Executive Vice-President Phillips. The Secretary of the Company, Stanley F. McClung, is secretary of the committee. Others in the different departments who have technical knowledge of the subjects under consideration, are called into the committee's sessions in an advisory capacity.

APPLICATION COMMITTEES.—In the selection of risks for life insurance, it was thought, early in the present administration, that, as many factors enter into the insurability of an applicant besides physical history and condition, the best interests of all concerned would be furthered could the Medical Department have the assistance of a competent and carefully selected committee in the consideration of many cases. Pursuant to this thought, and by special resolution of the Executive Committee at its meeting on May 9, 1907, an Applica-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

tion Committee was provided for and appointed, consisting of the Medical Director, the Assistant Medical Director, and several lay underwriters.

Changes have been made in the duties and personnel of this committee, from time to time, with a view to securing the accomplishment of its objects, with the greatest possible efficiency. As now constituted it has a liberal membership, the President, and all the Vice-Presidents, the Secretary, Second and Third Assistant Secretaries, the Medical Director and Assistant Medical Directors, the Superintendent of the Policy Department, and Junior Vice-Presidents Frank R. Woodbury, D. C. MacEwen, and Harry E. Moore, the Superintendent of the Life Maturity Department and a representative of the Claim Department, and the Actuary and Assistant Actuaries as alternates, all belong to this committee and may attend its sessions, which are held daily. Three constitute a quorum, of whom one must be a Medical Director, and the other two lay underwriters of the Policy Department. The ranking officer present presides. The average attendance at the meetings of the committee is not more than four or five, as it is not necessary, nor would it be expedient in the interests of economy, for the majority of the members to attend, excepting to consider very special cases. The committee reports its daily attendance to the Executive Committee.

All applications for \$25,000 or over of life insurance must be acted upon by the Application Committee. The committee considers all cases referred to it by the Medical Director, and such other cases as the committee itself desires to review. The Medical Department is re-

## DEPARTMENTS AND COMMITTEES

quired to give due consideration to the decisions of the committee. Should the committee and the department fail to reach a decision, or disagree, the decision of the President of the Company is final. In his absence, the First, Second, or Third Vice-President is required to act for him. The Application Committee has given much attention to sub-standard cases.

Early in 1926, a NON-CANCELLABLE APPLICATION COMMITTEE was created. This committee passes on all applications for non-cancellable policies, when the monthly income asked for is three hundred dollars or over; also on applications for permanent total disability, with life policies for three hundred dollars per month or over, and applications where non-cancellable and disability coverage, together, is three hundred dollars per month or over. This committee, too, has a large membership, which includes the President, Vice-Presidents, Medical Director, first two Assistant Medical Directors, Junior Vice-Presidents Woodbury and MacEwen, Superintendent of the Non-Cancellable Division, the Actuary and Assistant Actuaries, and a representative from the Claim Department. Three constitute a quorum, and the ranking officer present presides. The committee is required to report its daily attendance to the Executive Committee.

Both the Life Application Committee and the Non-Cancellable Application Committee are subject to the rules laid down by the Underwriting Committee. Both of these committees review and pass upon numerous cases daily, and are a most important part of the Company's underwriting machinery.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

CLAIMS COMMITTEE.—At the meeting of the Executive Committee, on April 23, 1920, that committee authorized the President to appoint a committee of three members, one each from the Legal, Medical, and Accident Departments, for the purpose of reviewing claims. The duties specified in the resolution creating the committee are "to see that the rules of the Company, with regard to liberal and fair treatment in the payment of claims, are observed by the many adjusters and claim men, and to that end the committee shall inspect, from time to time, as it may deem necessary, the adjusters of the Company and their methods, and such claims, especially compromised claims, as they may think fit. They shall inspect and report upon any matter connected with the payment of claims, and of the office work relating to the same." The resolution provided for a Reviewer of Claims, to assist the committee in its work, and act as its secretary.

Since the Claims Committee was first organized, its personnel has been materially increased by the inclusion of three *ex officio* members, who are Vice-President Mier, General Counsel Davis, and the Superintendent of the Life Maturity Department, Ross M. Crosher. Dr. Milbank Johnson is the chairman, and the other two members are George H. Gregg, Superintendent of Claims, and Douglas E. C. Moore, Assistant Counsel. Assistant Secretary Allan D. Grant is the secretary of the committee. It meets regularly and transacts much business, of which it maintains a complete record. It acts under the direction of the President, whose decision in all matters is final.

## DEPARTMENTS AND COMMITTEES

AGENCY COMMITTEE.—Early in 1924, the Agency Executive Department organized a committee, known as the Agency Committee. This committee has already been mentioned, and its purpose and duties given earlier in this chapter, and under the head of the Agency Executive Department, all of which need not be repeated here. The committee meets monthly, and is required to report to the Executive Committee all transactions of special interest. Since its inception, it has been a helpful part of the Agency Department in the transaction of its business.

The membership includes the Superintendent of Agencies, and three Assistant Superintendents, the Superintendent of the Agency Accounting Division, and the Superintendent of the Agency Division of the Accident Department, the Superintendent of Field Service, and the First Assistant Secretary of the Company, all of whom are occupied with agency matters; also the following, who through correspondence and otherwise have much to do with field representatives: Vice-President Mier, Junior Vice-President MacEwen, Assistant Counsel Moore, and the Superintendents of the Supply, Policy, and Non-Cancellable Departments.

HOME OFFICE MANAGEMENT COMMITTEE.—The spring of 1926 was a fertile season for the production of standing committees for the Pacific Mutual, as four of them came into being at that time. They were the Loan Committee, the Underwriting Committee, the Non-Cancellable Application Committee, all of which have been noted, and the Home Office Management Committee. The large employed staff at the home office, ques-

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

tions growing out of inter-departmental relations, and numerous matters for decision or adjustment that arise from time to time, made the services of such a committee, in lieu of several individual officers acting independently as formerly, highly desirable and quite necessary.

This is a small committee of three members, who are Vice-President Howard S. Dudley, Junior Vice-President Harry E. Moore, and Junior Vice-President D. C. MacEwen. Vice-President Dudley is Chairman of the Committee, and Junior Vice-President Moore its Secretary.

The Home Office Management Committee engages and discharges employes, has control over the personnel of the Company's home office, and general supervision over the coordination of its departments. It acts under the direction of the President.

COMMITTEE OF DEPARTMENT HEADS.—For many years, under the present management, and because necessity called for it, the heads of the various home office departments have been in the custom of meeting about every two weeks, for the purpose of discussing inter-departmental routine in particular, and efficiency throughout all the departments in general. This Committee of Department Heads has from the first been presided over by Junior Vice-President Moore, who was mainly responsible for its creation. Its work has secured excellent harmony and a fine spirit of cooperation among the departments, and is deserving of much credit for the high standard of departmental efficiency that has been maintained.

## POSTWORD

Such is the story of the Pacific Mutual's history and organization, as far as I have been able to put together the available facts. I am aware that others, had they undertaken this task, would probably have arranged those facts differently, and woven them into a more complete and interesting narrative. I have had no particular philosophy of history to guide me, except the conviction that the historian should clearly discern between fact and fiction, and adhere to the truth in so far as he may be able to uncover it. That I have tried conscientiously to do. Numerous facts of minor import I have purposely omitted. They would add nothing to the interest or value of the story, nor are they essential to a correct conception of what the Pacific Mutual was and is.

As I have delved into the past, I have been much impressed with the men who have controlled the Pacific Mutual thus far. As a group they have been men of character and vision, yet entirely human. Like all other men who have organized and managed insurance companies, none of them engaged in the task or assumed the responsibility involved from purely altruistic motives. When men enter into a business enterprise they are of necessity actuated to some extent by personal motives. Yet, in the Pacific Mutual group, there were from the beginning, coupled with these motives, purposes and ideals that were entirely worthy and sincere. With institutions, just as with individuals, there is a providence that shapes their destiny when such purposes and ideals exist, and in spite of human mistakes and limitations.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

As the Pacific Mutual will continue to make history from year to year, this is just the beginning of a much longer story. Many chapters, no doubt volumes, will have to be added periodically to bring up to date what has been begun. Whoever may essay that task, it is hoped that no two-headed monster like that of 1906 will intervene to place beyond reach what is past, by destroying any part of the records. Barring such, the making of additions to this history should present no difficulty. That they may be made is much to be desired.

## *Appendices*



## I. DIRECTORS

1868 TO 1927

During the Pacific Mutual's sixty years, eighty-seven men served on its Board of Directors. Following are their names, alphabetically arranged, and the dates of their terms of service in each case. These dates are not determinable with certainty, in every instance. While each served during the period indicated, the date for the beginning or ending of the term is in doubt in some cases. Such dates are marked with an asterisk.

- ADAMS, L. S.—1873\* to 1894—Merchant, San Francisco.
- ASLIP, E. K.—1879 to 1882\*—Insurance and Real Estate Sacramento.
- BAKER, DANFORD M.—1906 to date—Vice-President of Company and Superintendent of Agencies, Los Angeles. Began with Company as General Agent at Kansas City, 1890.
- BAKER, WAKEFIELD—1900 to 1906—Merchant, San Francisco.
- BEAVER, FRED H.—1908 to 1913—General Agent, San Francisco.
- BEAVER, GEORGE W.—1881 to 1899—Vice-President of Company, San Francisco.
- BECKETT, DR. W. W.—1906 to date—Vice-President and Medical Director of Company, Los Angeles.
- BOOTH, L. A.—1873\* to 1879\*—Capitalist, San Francisco.
- BOOTH, NEWTON—1868 to 1875\*—Governor of California and United States Senator, Sacramento.
- BRAINERD, DR. H. G.—1906 to May, 1917, and February, 1919, to date—Physician, Los Angeles.
- BROWN, WILLIAM E.—1873\* to 1875\*—Secretary of Central and Finance Company, Sacramento.
- BRYTE, M.—1879\* to 1882\*—Dairyman, Sacramento.



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- CADWALADER, EDWARD—1875\* to 1883—Insurance and Real Estate, Sacramento.
- CAROLAN, JAMES—1868 to 1905—Merchant, Sacramento.
- CARROLL, J. H.—1868 to 1880—Merchant, Sacramento; Vice-President of the Company, 1873 to 1876; President, 1876 to 1880.
- CLARK, JOSEPH H.—1906 to 1917—Capitalist, Santa Monica.
- CLARK, ROBERT C.—1875 to 1883—Judge of Superior Court, Sacramento; Counsel for Company from 1868 to 1883.
- CLUNESS, DR. W. R.—1879 to 1905—Vice-President of Company, 1880 to 1886; Medical Director, 1872 to 1907. Sacramento and San Francisco.
- COCHRAN, GEORGE L.—1906 to date—President of Company from 1906 to date, Los Angeles.
- CROCKER, CHARLES—1871\* to 1873\*—Vice-President, Central Pacific Railway, Sacramento.
- CROCKER, H. S.—1875\* to 1879\*—Stationer, Sacramento, later San Francisco.
- CROCKER, HENRY J.—1900 to 1905—Capitalist, San Francisco.
- CROCKER, W. H.—1888 to date—President, Crocker National Bank, San Francisco.
- DAVIS, W. H.—1906 to date—General Counsel for Company, Los Angeles.
- DRAKE, JAMES C.—1906 to 1921—Banker, Los Angeles.
- DREXLER, L. P.—1886 to 1899—Capitalist, San Francisco.
- DRUM, F. G.—1905 to 1906—Capitalist, San Francisco.
- DUDLEY, HOWARD S.—1918 to date—Vice-President and Treasurer of Company, Los Angeles.
- EARL, D. W.—1868 to 1907—Forwarding Merchant, Sacramento, later at San Francisco.
- FLEISHHACKER, HERBERT—1917 to date—President, The Anglo and London Paris National Bank, San Francisco.
- FOX, CHARLES N.—1881 to 1904—Counsel for Company for several years, beginning 1883, San Francisco.
- GARRATT, G. N.—1881 to 1888\*—Manufacturer, San Francisco.
- GOSS, LEONARD—1868 to 1875\*—Manufacturer, Sacramento.

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- HAMILTON, ROBERT—1868 to 1883—Merchant, Sacramento and San Francisco.
- HANN, ALFRED G.—1918 to date—Actuary of Company since 1909, Los Angeles.
- HARTLEY, H. H.—1868 to 1871\*—Attorney, Sacramento.
- HASTINGS, B. F.—1868 to 1873\*—Banker, Sacramento.
- HASTINGS, H. F.—1868 to 1873\*—Banker, Sacramento; Vice-President of Company, 1868 to 1871.
- HAYNES, DR. JOHN R.—1906 to 1922—Capitalist, Los Angeles.
- HIGGINS, M. R.—1898 to 1905—Vice-President of Company and Superintendent of Agencies, San Francisco.
- HOUGHTON, GEN. J. F.—1875 to 1898—Fire Insurance, San Francisco.
- INCH, THOMAS B.—February to August, 1918, and September, 1918, to February, 1919—Assistant Treasurer of Company, Los Angeles.
- IRVINE, JAMES—1894 to 1905—Capitalist, San Francisco.
- JOHNSON, GAIL B.—1906 to 1918—Vice-President, Treasurer, and Superintendent of Agencies of Company during the same period, Los Angeles.
- JOHNSON, DR. MILBANK—1906 to date—Chairman Claims Committee for Company, Los Angeles.
- KELLOGG, M. B.—1904 to 1906—Counsel for Company, succeeding Charles N. Fox, San Francisco.
- KENYON, E. B.—1868 to 1875\*—Capitalist, Sacramento.
- LANGFORD, B. F.—1881 to 1886—Agriculturist, San Joaquin County.
- LaRUE, HUGH M.—1879 to 1906—Capitalist, Sacramento, later San Francisco.
- LAVENSON, SAMUEL—1868 to 1900—Merchant, Sacramento.
- LILIENTHAL, P. N.—1900 to 1906—Banker, San Francisco.
- MARKS, S. M.—September to November, 1905—Served the Company as Clerk, Assistant Secretary, Secretary, and Vice-President in succession, 1872 to 1905, Sacramento and San Francisco.
- MARSHALL, E. J.—1906 to 1914—Capitalist, Los Angeles.
- McBEAN, ATHOLL—1925 to date—President, Gladding, McBean & Company, San Francisco.

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- McCLUNG, STANLEY F.—1922 to February, 1927, and August, 1927, to date—Secretary of Company, Los Angeles.
- MIER, RICH J.—1912 to date—Vice-President of Company, Los Angeles. Began with Company as office boy in Sacramento, 1881.
- MILBANK, ISAAC—1906 to 1921—Capitalist, Los Angeles.
- MILBANK, LEE B.—1925 to date—Secretary and Treasurer, Union Oil Associates, Los Angeles.
- MILLER, FRANK—1875\* to 1881—Banker, Sacramento.
- MILLER, JOHN B.—1906 to date—Chairman of Board, Southern California Edison Company, Los Angeles.
- MILLS, EDGAR—1871 to 1876\*—Banker, Sacramento; Vice-President of Company, 1871 to 1873.
- MOORE, C. I. D.—For a few months, in 1906, and from 1914 to date. Vice-President of Company, Los Angeles.
- MOORE, DOUGLAS E. C.—February to August, 1927—Assistant Counsel for Company, Los Angeles.
- MOORE, GEORGE A.—1876 to 1905—Vice-President of Company, 1876 to 1880; President, 1880 to 1905; Sacramento and San Francisco.
- MOORE, GEORGE R.—1868 to 1871\*—Attorney, Sacramento.
- MORRISON, DR. WAYLAND A.—1925 to date—Physician, Los Angeles.
- MOTT, E. B., JR.—1875\* to 1880—Secretary of Company, 1880 to 1882, Sacramento and San Francisco.
- PARSONS, ARTHUR C.—1925 to date—Vice-President of Company, Los Angeles.
- PHILLIPS, LEE A.—1906 to date—Executive Vice-President of Company, Los Angeles.
- RINDGE, SAMUEL K.—1925 to date—Vice-President, Seaside Investment Company, Los Angeles.
- ROBINSON, HENRY M.—1921 to date—President, Los Angeles-First National Trust and Savings Bank, Los Angeles.
- ROCHE, JOHN F.—1906 to 1909—Actuary and Vice-President, Los Angeles.
- RULE, O. REY—1925 to date—Vice-President, Pacific Finance Corporation, Los Angeles.

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- RUSSELL, JOHN NEWTON—1908 to 1913—General Agent, Los Angeles.
- RUSSELL, P. H.—1868 to 1875\*—Merchant, Sacramento.
- SCOTT, GEORGE W.—1894 to 1906—Vice-President of Company, 1900 to 1905, San Francisco.
- SCOTT, HENRY T.—1884 to 1911—President of Company for two or three months at end of 1905, San Francisco.
- SHAW, LUCIEN—1908 to date—Ex-Chief Justice, Supreme Court of California, Los Angeles.
- SHERWOOD, ROBERT, 1879 to 1893—Capitalist, San Francisco.
- SHERWOOD, WILLIAM R.—1893 to 1905—Capitalist, San Francisco.
- STANFORD, LELAND—1868 to 1876—President of Company during same period, Sacramento.
- TANNER, JOHN S.—1906 to 1909—Capitalist, Los Angeles.
- TUPPER, WILBUR S.—1905 and 1906—President during the six or seven months he was a Director, Los Angeles.
- UMBSEN, G. H.—For two or three months at close of 1905—Real Estate, San Francisco.
- WATERHOUSE, COLUMBUS—1881 to 1894—Merchant, San Francisco.
- WATT, ROBERT—1871\* to 1875\*—Capitalist, Sacramento.
- WEIL, CONRAD—1868 to 1871\*—Merchant, Sacramento.



## II. OFFICIAL STAFF

1928

Following are the members of the official staff of the Pacific Mutual who were in office on the sixtieth anniversary of the Company. Except where otherwise noted, they are located at the Home Office, at Los Angeles.

GEORGE I. COCHRAN, President.

Was active in organizing the Conservative Life Insurance Company at Los Angeles, in 1900, and served that Company as Counsel. Elected its Vice-President, September 5, 1905. Elected as Director and Vice-President of the Pacific Mutual, early in 1906; President, June 29, 1906.

LEE A. PHILLIPS, Executive Vice-President and First Vice-President.

Elected Director, early in 1906; Associate Counsel, June 29, 1909; Third Vice-President, February 12, 1912; First Vice-President and Treasurer, September 20, 1918; Executive Vice-President, May 12, 1924. Has had charge of the Investment Department, since February, 1912.

DANFORD M. BAKER, Second Vice-President and Superintendent of Agencies.

Appointed General Agent at Kansas City, June, 1890. Transferred to Chicago as General Agent, January 1, 1893. Transferred to the Home Office and elected Third Vice-President, July 9, 1906, and placed in charge of the Accident Department; Director, February 11, 1908; Second Vice-President, June 29, 1909; Superintendent of Agencies, September 20, 1918.

W. H. DAVIS, Third Vice-President and General Counsel.

Elected Director, early in 1906; General Counsel, March 18, 1909; Fifth Vice-President, May 29, 1917; Third Vice-President, September 20, 1918.

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**RICH J. MIER**, Fourth Vice-President.

Appointed office boy, June 21, 1881; Chief Clerk and Office Manager, Accident Department, March 31, 1885; Assistant Secretary, February 13, 1906, which office he held for only a few months; Third Vice-President, June 29, 1909; Director and Fourth Vice-President, February 12, 1912.

**DR. W. W. BECKETT**, Fifth Vice-President and Medical Director.

Elected Director of the Conservative Life, September 28, 1901; Director of Pacific Mutual, early in 1906; Medical Director, January 18, 1909; Fifth Vice-President, September 20, 1920.

**C. I. D. MOORE**, Sixth Vice-President and Assistant Superintendent of Agencies.

Went into the field to sell insurance for the Conservative Life, February 2, 1902. Elected Director, Pacific Mutual, early in 1906. Resigned to become Assistant Secretary, October 17, 1906; Secretary, February 11, 1908. Appointed Editor of *PACIFIC MUTUAL NEWS* about the same date. Elected Sixth Vice-President and Assistant Superintendent of Agencies, July 12, 1920.

**HOWARD S. DUDLEY**, Seventh Vice-President and Treasurer.

Elected Director, August 20, 1918; Seventh Vice-President, February 13, 1923; Treasurer, May 12, 1924.

**ARTHUR C. PARSONS**, Eighth Vice-President and Assistant Superintendent of Agencies.

Appointed Manager of the San Francisco Branch Office, early in 1922. Elected Eighth Vice-President, February 13, 1924; Director, April 17, 1925; Assistant Superintendent of Agencies, February 9, 1926.

**ALFRED G. HANN**, Actuary.

Assistant in Actuary's office of the Conservative Life, February, 1905; continued in same capacity with the Pacific Mutual till 1907; served two years as Actuary of the Colorado Insurance Department; appointed Actuary of the Pacific Mutual in October, 1909; Director, December 10, 1918.

**STANLEY F. McCLUNG**, Secretary.

Elected Assistant Secretary, November 11, 1913; Secretary, October 11, 1920; Director, February 14, 1922.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

ALFRED W. MORGAN, Comptroller.

Entered the Ministerial Life of Los Angeles as Chief Accountant in July, 1896; went with that Company to the Conservative Life, in 1900, serving as its Auditor, Secretary, and Treasurer during its existence; Assistant Secretary of Pacific Mutual from 1906 to September 13, 1920; Comptroller since 1906.

DR. MILBANK JOHNSON, Chairman, Claims Committee.

Elected Director, early in 1906; Assistant Medical Director, 1916 to 1921; Chairman, Claims Committee, April 23, 1920.

W. A. JENKINS, Junior Vice-President and Assistant Treasurer.

Appointed Loan Clerk, August 27, 1886; Investment Clerk, March 5, 1906; Assistant Treasurer, January 18, 1909; Junior Vice-President, April 14, 1922.

FRANK R. WOODBURY, Junior Vice-President and Third Assistant Superintendent of Agencies.

Appointed Secretary to Vice-President, Gail B. Johnson, November 1, 1906; Auditor and Agency Organizer, with headquarters at Chicago, June, 1908; Manager of Branch Office at New York, August 1, 1913; Junior Vice-President and Third Assistant Superintendent of Agencies, April 14, 1922.

HARRY E. MOORE, Junior Vice-President.

Entered the Ministerial Life as a clerk, in 1900. Went with that Company into the Conservative Life, in 1900, and served in clerical positions during that Company's existence. Appointed Superintendent Policy Department for the Pacific Mutual, 1906; Superintendent Renewal Department, Manager of Life Department, and Assistant Secretary, 1909; Junior Vice-President, April 14, 1922.

WESLEY C. GREEN, Junior Vice-President and Appraiser Mortgage Loans.

Placed in charge of Mortgage Loans in Investment Department, January 1, 1919; Junior Vice-President, April 14, 1922.

D. C. MacEWEN, Junior Vice-President.

Underwriter in Commercial Division, November 16, 1908; Assistant to Vice-President Mier, July 18, 1910; Assistant Secretary, August 14, 1917; Junior Vice-President, April 14, 1922.

## APPENDICES

### HARRY J. BROWN, Assistant Secretary.

Appointed Cashier of Guardian Life of Denver, September 1, 1896. Went with that Company into the Conservative Life, December 1, 1903, became Cashier for latter Company at San Francisco, and on February 1, 1905, was transferred to Los Angeles to become Purchasing Agent for the Conservative, in which position he continued with the Pacific Mutual until he was appointed Agency Auditor, June 1, 1917. Appointed to Agency Executive Department, March 1, 1920; Assistant Secretary, April 14, 1922.

### ALLAN D. GRANT, Assistant Secretary.

Appointed Secretary to Vice-President, Gail B. Johnson, February 1, 1911; Assistant in Agency Accounting Department, March 1, 1916; Secretary to Claims Committee, April 23, 1920; Assistant Secretary, April 14, 1922.

### LAURENCE W. MORGAN, Assistant Secretary and Superintendent Policy Department.

Appointed as an agent for the Conservative Life, August, 1902; Clerk in office, July, 1903; Clerk in Accounting Department of Pacific Mutual, 1906; Superintendent Emergency Department, 1914; Superintendent Policy Department, 1916; Assistant Secretary, September 13, 1920.

### CARY GROTON, Assistant Secretary.

Clerk in Commercial Division, July 18, 1910; Superintendent Commercial Division, August 2, 1917; Superintendent Non-Cancellable Division, 1919; Assistant Secretary, October 11, 1920.

### GEORGE H. GREGG, Assistant Secretary and Superintendent of Claims.

General office man at Chicago, January, 1889 to 1893, when he left the Company and returned as Claim Adjuster at Los Angeles, February 15, 1909; Superintendent of Claims, January 1, 1915; Assistant Secretary, April 14, 1922.

### MRS. ETHEL J. MacFARLAND, Assistant Secretary.

Clerk and later head of several sections of work in Actuarial Department, since July 30, 1906; Assistant Secretary, April 14, 1922.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

MISS MABEL G. McCLINTOCK, Assistant Secretary and Superintendent Renewal Department.

Entered the employ of the Ministerial Life of Los Angeles, April, 1899; went with that Company to the Conservative Life, in 1900, and became Superintendent of its Renewal Department; appointed Assistant Superintendent Renewal Department for the Pacific Mutual, 1906; Superintendent Renewal Department, 1920; Assistant Secretary, April 14, 1922.

ELMER C. POTTER, Assistant Secretary.

Clerk in Investment Department, November 1, 1918; Assistant Secretary, February 13, 1923.

MRS. BERTHA A. N. GRANT, Assistant Secretary.

Began in Conservative Life as a clerk, October 10, 1904, and shortly after was appointed Secretary to the President; Secretary to President Cochran since 1906; Assistant Secretary to the Company, June 8, 1925.

THOMAS B. INCH, Assistant Treasurer.

Entered the Conservative Life as Assistant Treasurer and Assistant Secretary, in 1900, and has served as Assistant Treasurer in the Pacific Mutual, from 1906 to date. Served as a Director, in 1918 and 1919.

ERNEST W. FULLER, Assistant Treasurer and Cashier.

Began as Cashier in a department in Conservative Life, June 15, 1903; Cashier in Treasurer's Department, 1906; Superintendent Mailing Department, November, 1908; Assistant Treasurer, May 29, 1917.

HERBERT E. BROWN, Assistant Treasurer and Superintendent Policy Loan Department.

Office boy in Industrial Department, January 20, 1900. Went with that business to Metropolitan Life, September, 1901, and returned to Pacific Mutual in February, 1904, to take charge of Policy Loans. Given title Superintendent Policy Loan Department, 1906; Assistant Treasurer, July 10, 1922.

RAYMOND L. SUTTON, Assistant Treasurer.

Began as clerk in Emergency Department, October, 1922; Appointed Assistant Cashier in Accounting Department, May, 1923; Assistant Treasurer, August 26, 1927.

## APPENDICES

MISS E. M. DRIVER, Assistant Treasurer.

Began as Secretary to Vice-President, Howard S. Dudley, March 1, 1923; Assistant Treasurer, August 26, 1927.

FRANK J. STEINEBREY, Supervisor Agency Accounts (Life).

Assistant Cashier in Conservative Life office at Denver, April 21, 1904; Cashier in same, July 1, 1904; Assistant Supervisor Agency Accounts at Home Office, July 1, 1906; Supervisor Agency Accounts, December, 1912.

LESLIE J. COOPER, Assistant Actuary.

Clerk in Actuarial Department, October 16, 1911. Later served in Policy and Life Maturity Departments, returning to Actuarial Department, September, 1917; Assistant Actuary, April 1, 1924.

DR. V. A. HUMPHREY, Assistant Medical Director.

Secretary in Portland office, November, 1890; Cashier in same, 1893; Manager Life Department at Home Office, June, 1900; Assistant Medical Director, January 18, 1909.

DR. F. W. SAWYER, Assistant Medical Director.

Appointed August, 1920.

DR. WILBUR A. BECKETT, Assistant Medical Director.

Appointed January 11, 1926.

BLAKE FRANKLIN, Assistant Counsel.

Assistant Attorney in Legal Department, February 5, 1912; Claim Agent, May 16, 1913. Returned to Legal Department, January 1, 1915; Assistant Counsel, March 1, 1915.

DOUGLAS E. C. MOORE, Assistant Counsel.

Spent school vacations working in several departments, from 1910 to summer of 1917, when he entered the navy and served during the war. Entered Legal Department early in 1919; Assistant Attorney, 1921; Assistant Counsel, December 13, 1926.

O. P. SCHOONMAKER, Assistant Attorney.

Assistant to Vice-President, Lee A. Phillips, March 31, 1920; Assistant Attorney in Legal Department, July 1, 1921.

ROBERT R. HARROLD, General Claim Representative.

Adjuster in Paschall-Jones Agency, July 1, 1912, and later in the Home Office; Adjuster Railroad Division at Los Angeles, December, 1913; Eastern Adjuster, July, 1916; Special Claim Representative, 1922; General Claim Representative, 1924.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

ELMER S. NELSON, Superintendent Field Service and School for Salesmen.

Appointed to present offices and Assistant Editor of PACIFIC MUTUAL NEWS, June, 1924.

MISS D. B. PARKER, Secretary School for Salesmen.

Appointed April, 1914.

ROY S. HOAGLAND, Inspector of Loans, San Francisco.

Assistant in Investment Department, January 1, 1913. Inspector of Loans, January, 1917. Placed in charge of branch of Investment Department for Northern California, with offices in San Francisco and Oakland, July 5, 1925.

E. I. ROCKWELL, Auditor.

Began in Treasurer's Department of Conservative Life, July 15, 1903; Chief Accountant, 1906; Auditor, July 1, 1927.

B. A. HILLIARD, Chief Accountant.

Chief Accountant in Accident Department, May, 1913; Chief Accountant of Life and Accident Departments, October, 1927.

ROSS M. CROSER, Superintendent Life Maturity Department.

Began in Conservative Life, in spring of 1902. Appointed to present office, April 17, 1907.

J. WESLEY SHAFFER, Superintendent Supply Department.

Began in Conservative Life, September, 1905. Clerk in Investment Department till late in 1906, when he was transferred to the Supply Department. Made Superintendent of Supply Department and Purchasing Agent, June 1, 1917.

THOMAS L. INCH, Superintendent Emergency Department.

Clerk in Actuarial Department, July 8, 1907; Shipping Clerk in Supply Department, January, 1908; Superintendent Accident Supply Department, January, 1909; Superintendent Emergency Department, March 1, 1916.

MISS LILLIAN E. GORHAM, Superintendent Health and Welfare Department.

Laboratory Technician in Medical Department, April 1, 1917; Superintendent Health and Welfare Department, July 8, 1920.

WILLIAM L. CLARK, Manager of Lunch Rooms.

Appointed July, 1921.

## APPENDICES

J. W. HORTON, Superintendent Monthly Premium Department.

Clerk in Filing Section, March 27, 1916; Assistant to Superintendent Commercial Division, April 1, 1916; Superintendent Monthly Premium Division, April 12, 1918.

A. J. GOTTSCHALK, Superintendent Railroad Department.

Appointed May 20, 1910.

GAYLORD N. MARTIN, Superintendent Agency Accounts (Accident).

Clerk in Monthly Premium Division, September 27, 1912; Auditing and collections in Commercial Department, May 1, 1915, which later grew into his present position.

JOHN W. RHODES, Assistant Superintendent of Claims.

Clerk Railroad Division, Chicago, January 29, 1900; Office Superintendent Railroad Division, January 1, 1903; Claim Superintendent Monthly Premium Division, January 1, 1908; Claim and Office Superintendent Monthly Premium Division, July 1, 1910; transferred to Los Angeles and became Adjuster at Home Office, February 1, 1915; Assistant Superintendent of Claims, January 1, 1918.

J. BEACH RHOADES, Claim Adjuster.

Appointed March 26, 1917.

GEORGE F. KECK, Manager, Chicago.

Cashier at Portland, Oregon, June 1, 1903; Cashier for Conservative Life in same office, October 1, 1904, adding Auditing thereto, in August, 1905, and continuing in that work at several cities until January, 1907, when he left the Pacific Mutual until May, 1913; on that date appointed Agency Organizer and Auditor for the Eastern Department of the Railroad Division at Chicago, and has served in that city in similar capacities since; appointed Manager Chicago Railroad Office, January 1, 1920.

JENS SMITH, Manager, Chicago.

Appointed Cashier at Chicago by General Agent J. W. Jackson, May 1, 1910; Company Cashier, January 1, 1912; Agency Auditor, August 1, 1913; General Agent, April 1, 1916; Manager, October 1, 1919.

W. B. SNOWDEN, Manager, New York and Newark.

Appointed Assistant Manager for New York City, 1915; Manager, 1922; Manager at Newark early in 1927.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

DeLANCEY LEWIS, Manager, San Francisco.

Entered the San Francisco Office as a representative in the field, in October, 1923; appointed Manager of that office, January, 1925.

THOMAS C. NICHOLLS, JR., Manager, New Orleans.

Appointed Manager of Branch Office at New Orleans early in 1925.

JOHN J. CROWLEY, Manager, St. Louis.

Appointed Manager of Branch Office at St. Louis, November, 1927.

R. F. TRAEGER, Agency Auditor.

Clerk, August 2, 1920; Assistant Cashier at Chicago Office, September 1, 1921; Statistician at same office, July 1, 1923; Agency Auditor, March 1, 1926.

### III. EMPLOYEES

Other than officers and department heads who have been in the service of the Pacific Mutual twenty years or over.

| <i>Name and Location</i>           | <i>Date of Beginning</i> | <i>Present Position</i>              |
|------------------------------------|--------------------------|--------------------------------------|
| ALBERT, NEVIN W.<br>Los Angeles    | January<br>1906          | Assistant in Agency Accounting Dept. |
| ANDERSON, BERTHA<br>Los Angeles    | April<br>1905            | Section Head                         |
| BURGERS, ANNA<br>San Francisco     | December<br>1903         | Cashier, Branch Office               |
| CARVEL, ALICE M.<br>Los Angeles    | May<br>1906              | Clerical, Actuarial Dept.            |
| CHENEY, EARL R.<br>Los Angeles     | August<br>1907           | Section Head                         |
| COLES, LYNN<br>Los Angeles         | October<br>1904          | Section Head                         |
| COLES, ROBERTA<br>Los Angeles      | February<br>1905         | Section Head                         |
| CORBIN, BESSIE L.<br>Los Angeles   | August<br>1903           | Claim Adjuster                       |
| DAVIDSON, LAURA<br>Chicago         | December<br>1901         | Clerk, Railway Dept.                 |
| HEEFNER, MYRTLE M.<br>Los Angeles  | March<br>1907            | Information Desk                     |
| KEIM, ZELLA<br>Los Angeles         | November<br>1901         | Clerical, Actuarial Dept.            |
| KUHN, WILLIAM S.<br>Los Angeles    | January<br>1895          | Claim Auditor                        |
| LABONDE, CORA E.<br>Los Angeles    | July<br>1906             | Clerical, Accident Statistical Dept. |
| MERRILL, CHARLES E.<br>Los Angeles | July<br>1903             | Section Head                         |

# PACIFIC MUTUAL LIFE INSURANCE COMPANY

| <i>Name and Location</i>               | <i>Date of Beginning</i> | <i>Present Position</i>                          |
|----------------------------------------|--------------------------|--------------------------------------------------|
| MERRILL, THORNTON J.<br>Los Angeles    | January<br>1906          | Section Head                                     |
| MUMME, MRS. J. B.<br>New Orleans       | October<br>1901          | Cashier, Branch Office                           |
| MUNDINGER, ELIZABETH<br>St. Louis      | September<br>1900        | Cashier, Branch Office                           |
| McCLURE, BELLE<br>Los Angeles          | December<br>1904         | Secretary, Vice-President<br>C. I. D. Moore      |
| McCONVILLE, ELIZABETH<br>New York City | August<br>1906           | Cashier, Branch Office                           |
| NOBLE, MARION<br>Los Angeles           | April<br>1903            | Section Head                                     |
| OTIS, W. H.<br>Los Angeles             | January<br>1904          | Accident Statistical Dept.                       |
| PRICE, FLORENCE<br>Los Angeles         | October<br>1906          | Clerical, Non-Cancel-<br>lable Division          |
| PURCELL, ZELMA<br>Los Angeles          | March<br>1907            | Section Head                                     |
| REASNER, BESSIE S.<br>Los Angeles      | April<br>1902            | Section Head                                     |
| SCHULTZ, J. E.<br>Los Angeles          | July<br>1906             | Section Head                                     |
| SUTHERLAND, GRETTA<br>Los Angeles      | June<br>1903             | Escrow Supervisor                                |
| SWEENEY, MRS. E. B.<br>Los Angeles     | October<br>1906          | Secretary, Vice-President<br>Rich J. Mier        |
| YOUNG, SYDNEY C.<br>Los Angeles        | September<br>1901        | Assistant Superintendent,<br>Life Maturity Dept. |

## IV. GENERAL AGENTS

Who have been in the service of the Pacific Mutual twenty years or over. Location, date of appointment, and title is given in each case.

|                     |           |                        |
|---------------------|-----------|------------------------|
| BARR, WM. T. *      | June      | Retired, August, 1920  |
| Phoenix Ariz.       | 1903      |                        |
| BENNETT, E. D.      | September | General Agent          |
| Ft. Worth, Texas    | 1902      |                        |
| DICKSON, J. W.      | January   | State Agent            |
| Anderson, S. C.     | 1907      |                        |
| DURRETT, C. L.      | June      | General Agent          |
| Little Rock, Ark.   | 1908      |                        |
| FABLING, JOHN S.    | August    | General Agent          |
| Denver, Colo.       | 1902      |                        |
| FITTS, FRANK        | June      | General Agent          |
| Tuscaloosa, Ala.    | 1905      |                        |
| FOX, THOMAS *       | August    | Retired, January, 1928 |
| Sacramento, Calif.  | 1877      |                        |
| GOLDSTEIN, EPH. M.  | November  | General Agent          |
| San Antonio, Texas  | 1907      |                        |
| GRANLUND, JACOB     | January   | General Agent          |
| Duluth, Minn.       | 1907      |                        |
| GRIESHEIMER, HENRY  | June      | General Agent          |
| Cincinnati, Ohio    | 1898      |                        |
| JONES, MRS. T. PAUL | March     | Retired, January, 1914 |
| Los Angeles         | 1906      |                        |
| KLAGES, A. M.       | July      | General Agent          |
| Pittsburgh, Pa.     | 1908      |                        |
| KLINE, JAMES F.     | March     | General Agent          |
| Syracuse, N. Y.     | 1895      |                        |

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\* Has continued to represent the Company since retirement as a General Agent.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

|                      |           |                         |
|----------------------|-----------|-------------------------|
| MOTLEY, W. P. *      | October   | Retired, January, 1921  |
| Kansas City, Mo.     | 1890      |                         |
| POLK, SAMUEL *       | March     | Retired, November, 1927 |
| St. Louis, Mo.       | 1892      |                         |
| RALPH, D. CLARK      | February  | General Agent           |
| Buffalo, N. Y.       | 1903      |                         |
| ROSENBAUM, ABE       | June      | General Agent           |
| Dallas, Texas        | 1898      |                         |
| ROSENBAUM, IKE       | June      | General Agent           |
| Dallas, Texas        | 1898      |                         |
| RUSSELL, JOHN NEWTON | June      | General Agent           |
| Los Angeles          | 1895      |                         |
| SCHWENTKER, FRANK B. | June      | General Agent           |
| Phoenix, Ariz.       | 1903      |                         |
| STAPLES, J. C.       | March     | General Agent           |
| Philadelphia, Pa.    | 1897      |                         |
| THOMAS, WILLIAM L.   | March     | General Agent           |
| Los Angeles          | 1907      |                         |
| URICH, J. C.         | September | General Agent           |
| Denver, Colo.        | 1903      |                         |
| WESTHEIMER, MAX      | June      | General Agent           |
| Houston, Texas       | 1907      |                         |

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\* Has continued to represent the Company since retirement as a General Agent.

## V. FIELD REPRESENTATIVES

Other than General Agents or Managers who have been with the Pacific Mutual twenty years or over, and are still in its service. The location and date of appointment is given in each case.

|                      |                         |           |      |
|----------------------|-------------------------|-----------|------|
| BARDWELL, H. J.      | Chicago                 | June      | 1898 |
| BARTHOLOMEW, C. B.   | Denver, Colo.           | May       | 1898 |
| BERRYMAN, M. J.      | Los Angeles             | June      | 1907 |
| BOURN, T. J.         | Los Angeles             | June      | 1906 |
| BROWN, M. M.         | Oswego, S. C.           | September | 1903 |
| BRYAN, C. B.         | San Angelo, Texas       | June      | 1907 |
| CAMPBELL, GEORGE A.  | Laramie, Wyo.           | January   | 1906 |
| CAMPBELL, LEON G.    | Oakland, Calif.         | December  | 1902 |
| COLES, PAUL A.       | Crowley, La.            | January   | 1901 |
| EVERETT, JOHN        | Livingston, Mont.       | October   | 1907 |
| FORTNER, DOUGLAS     | West Jackson, Miss.     | June      | 1907 |
| GILLY, WALTER H.     | New Orleans, La.        | February  | 1901 |
| GRADY, E. B.         | Jonesboro, Ark.         | January   | 1903 |
| HACKETT, EUGENE L.   | San Francisco           | November  | 1905 |
| HUNT, GEORGE ELLIOTT | San Francisco           | January   | 1888 |
| LINDNER, HENRY       | Los Angeles             | March     | 1898 |
| LYNCH, H. P.         | St. Louis, Mo.          | October   | 1897 |
| MAXSON, E. W.        | Los Angeles             | December  | 1902 |
| MILLER, L. C.        | Los Angeles             | July      | 1907 |
| MCCOMAS, C. A.       | Ottawa, Kan.            | September | 1895 |
| MCGILL, NELLIE V.    | Louisville, Ky.         | September | 1902 |
| OLMSTEAD, L. D.      | Tyler, Texas            | June      | 1899 |
| PEERS, J. C.         | St. Louis, Mo.          | September | 1890 |
| SCHEID, GEORGE E.    | San Francisco           | April     | 1902 |
| SOMMERS, W. A.       | St. Louis, Mo.          | February  | 1906 |
| STERLING, J. E.      | Colorado Springs, Colo. | April     | 1906 |
| STERNE, W. W.        | Kansas City, Mo.        | June      | 1895 |
| STURKIE, L. K.       | Orangeburg, S. C.       | June      | 1903 |
| WELLS, HORACE D.     | Chicago                 | June      | 1903 |
| WILES, DOUGLAS T.    | Los Angeles             | January   | 1907 |

## VI. PACIFIC MUTUAL AGENCIES

1928

### LIFE, NON-CANCELLABLE, COMMERCIAL, AND MONTHLY PREMIUM DIVISIONS

|                      |               | <i>Life</i> | <i>Non-<br/>Cancel-<br/>lable</i> | <i>Com-<br/>mercial</i> | <i>Mo.<br/>Pre-<br/>mium</i> |
|----------------------|---------------|-------------|-----------------------------------|-------------------------|------------------------------|
| <b>ALABAMA</b>       |               |             |                                   |                         |                              |
| Fitts, Frank         | Tuscaloosa    | L           | NC                                | COM                     |                              |
| Smith, J. K.         | Birmingham    |             |                                   |                         | MP                           |
| <b>ARIZONA</b>       |               |             |                                   |                         |                              |
| Arnold, O. C.        | Bisbee        |             |                                   |                         | MP                           |
| Schwentker, F. B.    | Phoenix       | L           | NC                                | COM                     | MP                           |
| <b>ARKANSAS</b>      |               |             |                                   |                         |                              |
| Bohlinger, A.        | Little Rock   |             |                                   |                         | MP                           |
| Durrett, C. L.       | Little Rock   | L           | NC                                | COM                     |                              |
| <b>CALIFORNIA</b>    |               |             |                                   |                         |                              |
| Bath, Emma C.        | San Francisco |             |                                   |                         | MP                           |
| Eaton, L. R.         | San Francisco |             | NC                                | COM                     |                              |
| Fraundorf, Walter R. | Santa Barbara |             |                                   |                         | MP                           |
| Lewis, De Lancey     | San Francisco | L           |                                   |                         |                              |
| Locher, Felix M.     | Fresno        | L           | NC                                |                         |                              |
| Paschall-Jones Co.   | Los Angeles   |             | NC                                | COM                     |                              |
| Pink, Herbert G.     | Sacramento    | L           | NC                                |                         |                              |
| Proctor, T. J.       | Santa Rosa    | L           | NC                                |                         |                              |
| Russell, J. N.       | Los Angeles   | L           |                                   |                         |                              |
| Stearns, F. A.       | San Francisco |             | NC                                | COM                     |                              |
| Sweet, E. M., Jr.    | Stockton      | L           | NC                                |                         |                              |
| Thomas, Wm. L.       | Los Angeles   |             |                                   |                         | MP                           |
| <b>COLORADO</b>      |               |             |                                   |                         |                              |
| Fabling & Fabling    | Denver        | L           | NC                                |                         |                              |
| Urich, J. C.*        | Denver        |             | NC                                | COM                     | MP                           |

\* Mr. Urich also has charge of the Railroad business at Denver.

## APPENDICES

### DISTRICT OF COLUMBIA

|                  |            | <i>Life</i> | <i>Non-<br/>Cancel-<br/>lable</i> | <i>Com-<br/>mercial</i> | <i>Mo.<br/>Pre-<br/>mium</i> |
|------------------|------------|-------------|-----------------------------------|-------------------------|------------------------------|
| Browne, Elmer A. | Washington | L           | NC                                | COM                     | MP                           |

### FLORIDA

|                |              |   |    |     |  |
|----------------|--------------|---|----|-----|--|
| Letcher, W. R. | Jacksonville | L | NC | COM |  |
|----------------|--------------|---|----|-----|--|

### GEORGIA

|                      |          |   |    |     |    |
|----------------------|----------|---|----|-----|----|
| Dearing, W. D. & Son | Savannah |   | NC | COM |    |
| Gordy, R. H.         | Atlanta  | L | NC | COM |    |
| Hardisty & Grant     | Atlanta  |   |    |     | MP |

### HAWAII

|                 |          |   |    |     |  |
|-----------------|----------|---|----|-----|--|
| Campbell, A. N. | Honolulu | L | NC | COM |  |
|-----------------|----------|---|----|-----|--|

### IDAHO

|                  |                 |   |    |     |  |
|------------------|-----------------|---|----|-----|--|
| Ricker, Elmer A. | Salt Lake City, | L | NC | COM |  |
| (Southern Idaho) | Utah            |   |    |     |  |
| Carey, J. W.     | Spokane, Wash.  | L | NC |     |  |
| (Northern Idaho) |                 |   |    |     |  |

### ILLINOIS

|                   |             |   |    |     |    |
|-------------------|-------------|---|----|-----|----|
| Denney, H. G.     | Aurora      | L | NC | COM | MP |
| Matz, W. F.       | Chicago     |   |    |     | MP |
| Miller & Miller   | Chicago     | L | NC | COM |    |
| Senesac, Leon J.  | Springfield | L | NC | COM | MP |
| Smith, Jens       | Chicago *   | L | NC |     | MP |
| Van Deusen, R. E. | Peoria      | L | NC | COM |    |

### INDIANA

|                    |              |   |    |     |  |
|--------------------|--------------|---|----|-----|--|
| Richardt Agency    | Evansville   | L | NC | COM |  |
| Wells-Williams Co. | Indianapolis | L | NC | COM |  |

### IOWA

|                    |              |   |    |     |    |
|--------------------|--------------|---|----|-----|----|
| Bunyan, J. R.      | Waterloo     | L | NC | COM | MP |
| Killin, G. C.      | Des Moines   |   |    |     | MP |
| Larson, Oscar J.   | Cedar Rapids | L | NC | COM | MP |
| O'Connor, Thos. P. | Des Moines   | L | NC | COM |    |
| Sennette, M. D.    | Sioux City   | L | NC | COM | MP |
| Smith, M. B.       | Ottumwa      | L | NC | COM |    |

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\* George Keck is Manager of the Railroad Division at Chicago.



# PACIFIC MUTUAL LIFE INSURANCE COMPANY

|                         |                         | <i>Life</i> | <i>Non-Cancel-<br/>lable</i> | <i>Com-<br/>mercial</i> | <i>Mo.<br/>Pre-<br/>mium</i> |
|-------------------------|-------------------------|-------------|------------------------------|-------------------------|------------------------------|
| <b>KANSAS</b>           |                         |             |                              |                         |                              |
| Kirchner, Don A.        | Topeka                  | L           | NC                           |                         | MP                           |
| Nelson, O. F.           | Newton                  | L           | NC                           |                         |                              |
| Swinney, Lem B.         | Wichita                 | L           | NC                           |                         |                              |
| <b>KENTUCKY</b>         |                         |             |                              |                         |                              |
| Coleman, R. L.          | Ashland &<br>Louisville | L           | NC                           | COM                     | MP                           |
| <b>LOUISIANA</b>        |                         |             |                              |                         |                              |
| Nicholls, Thos. C., Jr. | New Orleans             | L           | NC                           |                         |                              |
| <b>MARYLAND</b>         |                         |             |                              |                         |                              |
| Callum, Preston D.      | Baltimore               |             |                              |                         | MP                           |
| Daniels, W. B.          | Baltimore               | L           | NC                           | COM                     |                              |
| <b>MICHIGAN</b>         |                         |             |                              |                         |                              |
| Krazeise, Fred          | Detroit                 |             |                              |                         | MP                           |
| Rodd, Arthur L.         | Grand Rapids            | L           | NC                           | COM                     |                              |
| Scheuer, L. B.          | Detroit                 | L           | NC                           | COM                     |                              |
| <b>MINNESOTA</b>        |                         |             |                              |                         |                              |
| Dillon, M. J.           | St. Paul                | L           | NC                           | COM                     | MP                           |
| Granlund, Jacob         | Duluth                  | L           |                              |                         | MP                           |
| Kelly, I. M.            | St. Paul                |             |                              |                         | MP                           |
| Kragh, P. B.            | Minneapolis             |             |                              |                         | MP                           |
| Oshier, W. H.           | Minneapolis             | L           | NC                           | COM                     |                              |
| <b>MISSISSIPPI</b>      |                         |             |                              |                         |                              |
| Cottrell, F. E.         | Gulfport                | L           | NC                           |                         |                              |
| Fortner, D.             | West Jackson            |             |                              |                         | MP                           |
| Owen, Paul              | New Albany              | L           | NC                           |                         |                              |
| Patton Bros.            | Jackson                 | L           | NC                           |                         |                              |
| <b>MISSOURI</b>         |                         |             |                              |                         |                              |
| Crowley, J. J.*         | St. Louis               | L           | NC                           | COM                     |                              |
| Davis & Baurichter      | St. Louis               |             |                              |                         | MP                           |
| Wetzel, R. J.           | Kansas City             | L           | NC                           | COM                     | MP                           |
| Wingo, F. O.            | Springfield             | L           | NC                           |                         |                              |

---

\* Mr. Crowley also has charge of the Railroad business at St. Louis.

## APPENDICES

|                          |                        | <i>Life</i> | <i>Non-Cancel-<br/>lable</i> | <i>Com-<br/>mercial</i> | <i>Mo.<br/>Pre-<br/>mium</i> |
|--------------------------|------------------------|-------------|------------------------------|-------------------------|------------------------------|
| MONTANA                  |                        |             |                              |                         |                              |
| Carey, J. W.             | Spokane, Wash.         | L           | NC                           |                         | MP                           |
| NEBRASKA                 |                        |             |                              |                         |                              |
| Andrews, O. A.           | Lincoln                | L           | NC                           |                         | MP                           |
| Wunner, A. D.            | Omaha                  | L           | NC                           | COM                     | MP                           |
| NEW JERSEY               |                        |             |                              |                         |                              |
| Snowden, W. B.           | Newark                 | L           | NC                           | COM                     |                              |
| NEW MEXICO               |                        |             |                              |                         |                              |
| Schwentker, F. B.        | Albuquerque            | L           | NC                           | COM                     | MP                           |
| NEW YORK                 |                        |             |                              |                         |                              |
| Corey, H. W.             | New York               |             |                              |                         | MP                           |
| Keefer & Richmond *      | Albany                 |             | NC                           | COM                     |                              |
| Kline, Jas. F.           | Syracuse               |             | NC                           | COM                     |                              |
| Ralph, D. C.             | Buffalo                |             | NC                           | COM                     |                              |
| Sanders, C. R.           | Buffalo                |             |                              | COM                     | MP                           |
| Snowden, W. B.           | New York               |             | NC                           | COM                     |                              |
| Street, Thos. F.         | Buffalo &<br>Rochester |             | NC                           | COM                     |                              |
| NORTH CAROLINA           |                        |             |                              |                         |                              |
| French, G. C.            | Richmond, Va.          |             |                              |                         | MP                           |
| Garland & Martin         | Farmville, Va.         | L           | NC                           |                         |                              |
| (EASTERN NORTH CAROLINA) |                        |             |                              |                         |                              |
| Patterson, G. W.         | Charlotte              | L           | NC                           | COM                     |                              |
| NORTH DAKOTA             |                        |             |                              |                         |                              |
| Satory, P. W.            | Fargo                  | L           | NC                           | COM                     |                              |
| OHIO                     |                        |             |                              |                         |                              |
| Callaghan, W. D.         | Cleveland              | L           | NC                           | COM                     |                              |
| Gantz, J. M.             | Cincinnati             | L           | NC                           | COM                     | MP                           |
| Holloway, F. C.          | Dayton                 | L           | NC                           |                         |                              |
| Houstle, A. E.           | Columbus               | L           | NC                           | COM                     |                              |
| Severns, R. K.           | Toledo                 | L           | NC                           | COM                     | MP                           |
| Thorne, J.               | Cleveland              |             |                              |                         | MP                           |

\* Keefer & Richmond also have charge of the Railroad business at Albany.

# PACIFIC MUTUAL LIFE INSURANCE COMPANY

|                       |                 | <i>Life</i> | <i>Non-Cancel-<br/>lable</i> | <i>Com-<br/>mercial</i> | <i>Mo.<br/>Pre-<br/>mium</i> |
|-----------------------|-----------------|-------------|------------------------------|-------------------------|------------------------------|
| <b>OKLAHOMA</b>       |                 |             |                              |                         |                              |
| Bertholf, F. J.       | Miami           |             |                              |                         | MP                           |
| Day, C. C.            | Oklahoma City   | L           | NC                           | COM                     | MP                           |
| <b>OREGON</b>         |                 |             |                              |                         |                              |
| Cochran, J. H.        | Medford         | L           | NC                           |                         |                              |
| McConnell, W. M.      | Portland        | L           | NC                           |                         |                              |
| Stinson, F. L.        | Portland        |             | NC                           | COM                     | MP                           |
| Storey, Jack H.       | Portland        | L           | NC                           |                         |                              |
| <b>PENNSYLVANIA</b>   |                 |             |                              |                         |                              |
| Daniel, John          | Shamokin        |             |                              |                         | MP                           |
| Fritts, J. W.         | Pittsburgh      |             |                              |                         | MP                           |
| Hare & Chase          | Philadelphia    | L           |                              |                         |                              |
| Hoover & Diggs Co.    | Pittsburgh      | L           | NC                           |                         |                              |
| Klages, A. M.         | Pittsburgh      | L           | NC                           | COM                     |                              |
| Lundy, A. D. & Co.    | Williamsport    |             |                              | COM                     |                              |
| Staples, J. C.        | Philadelphia    | L           | NC                           | COM                     | MP                           |
| Tompkins, Wm. S.      | Wilkes-Barre    | L           | NC                           | COM                     |                              |
| <b>RHODE ISLAND</b>   |                 |             |                              |                         |                              |
| Mackinney, H. A.      | Providence      | L           | NC                           | COM                     |                              |
| <b>SOUTH CAROLINA</b> |                 |             |                              |                         |                              |
| Dickson, J. W.        | Anderson        | L           | NC                           |                         |                              |
| Lillard, J. W.        | Columbia        |             |                              |                         | MP                           |
| <b>SOUTH DAKOTA</b>   |                 |             |                              |                         |                              |
| Ellis, Seth R.        | Deadwood        | L           |                              |                         |                              |
| Sennette, M. D.       | Sioux City, Ia. | L           | NC                           | COM                     | MP                           |
| <b>TENNESSEE</b>      |                 |             |                              |                         |                              |
| Allison, Frank C.     | Nashville       | L           | NC                           |                         |                              |
| Blackburn, Cliff      | Memphis         | L           | NC                           |                         |                              |
| Collier, J. D.        | Memphis         |             |                              | COM                     |                              |
| Gates, J. R.          | Memphis         |             |                              |                         | MP                           |
| Watkins, J. E.        | Chattanooga     |             |                              |                         | MP                           |

## APPENDICES

|                      |                | <i>Life</i> | <i>Non-Cancel-<br/>lable</i> | <i>Com-<br/>mercial</i> | <i>Mo.<br/>Pre-<br/>mium</i> |
|----------------------|----------------|-------------|------------------------------|-------------------------|------------------------------|
| <b>TEXAS</b>         |                |             |                              |                         |                              |
| Bennett-Van Horn     |                |             |                              |                         |                              |
| Agency               | Fort Worth     | L           | NC                           |                         |                              |
| Boulton, A. N.       | Houston        |             |                              |                         | MP                           |
| Cerf, H. F.          | Fort Worth     | L           | NC                           |                         |                              |
| Goldstein, E. M.     | San Antonio    | L           | NC                           | COM                     |                              |
| Howard, W. A.        | San Antonio    |             |                              |                         | MP                           |
| Olmstead, L. D.      | Tyler          |             | NC                           | COM                     |                              |
| Rosenbaum Bros.      | Dallas         | L           | NC                           | COM                     |                              |
| Schwentker, F. B.    | El Paso        | L           | NC                           | COM                     | MP                           |
| Westheimer, Max      | Houston        | L           | NC                           | COM                     |                              |
| <b>UTAH</b>          |                |             |                              |                         |                              |
| Ricker, Elmer A.     | Salt Lake City | L           | NC                           | COM                     | MP                           |
| <b>VIRGINIA</b>      |                |             |                              |                         |                              |
| Capps, J. E.         | Norfolk        |             | NC                           | COM                     |                              |
| Davis, W. K.         | Roanoke        |             | NC                           | COM                     |                              |
| French, G. C.        | Richmond       |             |                              | COM                     | MP                           |
| Garland & Martin     | Farmville      | L           | NC                           |                         |                              |
| <b>WASHINGTON</b>    |                |             |                              |                         |                              |
| Anderton, A. Kenneth | Spokane        |             |                              |                         | MP                           |
| Branigan, J. F.      | Seattle        | L           |                              |                         |                              |
| Carey, J. W.         | Spokane        | L           | NC                           |                         |                              |
| Freese, O. C.        | Everett        | L           |                              |                         |                              |
| McCasky, Frank       | Spokane        |             |                              | COM                     |                              |
| Mead, W. D.          | Seattle        |             | NC                           | COM                     |                              |
| Sayles, A. G.        | Seattle        |             |                              |                         | MP                           |
| Shelton, The Geo. S. | Seattle        |             |                              |                         | MP                           |
| Agency               |                |             |                              |                         |                              |
| <b>WEST VIRGINIA</b> |                |             |                              |                         |                              |
| Hundley, Theo.       | Huntington     | L           | NC                           | COM                     |                              |
| Lay, V. E.           | Huntington     |             |                              |                         | MP                           |
| <b>WISCONSIN</b>     |                |             |                              |                         |                              |
| Russell, Ray         | Milwaukee      |             | NC                           | COM                     | MP                           |
| <b>WYOMING</b>       |                |             |                              |                         |                              |
| Fabling & Fabling    | Denver, Colo.  | L           | NC                           |                         |                              |
| Riner, C. W. & Co.   | Cheyenne       |             |                              | COM                     |                              |

## VII. FINANCIAL STATEMENT

1906

Showing, in condensed form, the Income, Disbursements, Assets, and Liabilities, as of December 31, 1906.

### INCOME

|                                                                                                         |                     |
|---------------------------------------------------------------------------------------------------------|---------------------|
| Premiums—Life and Accident Dept. . . . .                                                                | \$4,333,421.13      |
| Interests and Rents . . . . .                                                                           | 498,195.17          |
| Other Sources (including ledger assets received from<br>Conservative Life for assuming risks) . . . . . | <u>2,285,395.62</u> |
| Total . . . . .                                                                                         | \$7,117,011.92      |

### DISBURSEMENTS

|                                                                                            |                |
|--------------------------------------------------------------------------------------------|----------------|
| Death and Indemnity Claims, Matured Policies, Annuities and Surrendered Policies . . . . . | \$1,468,668.83 |
| Dividends Policyholders . . . . .                                                          | 246,046.11     |

#### LIFE DEPARTMENT

|                                                                       |              |
|-----------------------------------------------------------------------|--------------|
| Expenses, including Commissions on New and Renewal Premiums . . . . . | 1,268,269.21 |
|-----------------------------------------------------------------------|--------------|

#### ACCIDENT DEPARTMENT

|                                                                     |                     |
|---------------------------------------------------------------------|---------------------|
| Expenses, including Commissions and Brokerage on Premiums . . . . . | 295,547.96          |
| All other Disbursements, both Departments . . . . .                 | 142,465.72          |
| EXCESS INCOME OVER DISBURSEMENTS . . . . .                          | <u>3,696,014.09</u> |
| Total . . . . .                                                     | \$7,117,011.92      |



## APPENDICES

### ASSETS

|                                                                                                   |                        |
|---------------------------------------------------------------------------------------------------|------------------------|
| Loans on Real Estate—First Mortgage . . . . .                                                     | \$ 2,872,973.80        |
| Loans to Policyholders . . . . .                                                                  | 1,606,523.05           |
| Loans on Approved Collaterals . . . . .                                                           | 326,900.00             |
| Bonds and Stocks owned . . . . .                                                                  | 5,492,495.99           |
| Real Estate owned, including Company's Home<br>Office properties in San Francisco and Los Angeles | 1,120,297.87           |
| Net Outstanding and Deferred Premiums—Life De-<br>partment (Reserve Charged in Liabilities) . .   | 499,048.16             |
| Interest and Rents—Due and Accrued . . . . .                                                      | 121,957.27             |
| Cash in Banks and Office . . . . .                                                                | 511,342.08             |
| All other Assets . . . . .                                                                        | 170,025.46             |
| Total Admitted Assets . . . . .                                                                   | <u>\$12,721,563.68</u> |

### LIABILITIES

|                                                                                                     |                        |
|-----------------------------------------------------------------------------------------------------|------------------------|
| Reserve on Policies (Computed according to Legal<br>Standard) . . . . .                             | \$10,953,145.78        |
| Other Liabilities, including Death Claims in Process<br>of Adjustment . . . . .                     | 260,416.10             |
| Gross Surplus, including \$1,000,000 Capital Stock<br>and \$506,001.80 unassigned Surplus . . . . . | 1,506,001.80           |
| Total . . . . .                                                                                     | <u>\$12,721,563.68</u> |

## VIII. FINANCIAL STATEMENT

1927

Showing, in condensed form, the Income, Disbursements, Assets, and Liabilities, as of December 31, 1927.

### INCOME

|                                                               |                   |
|---------------------------------------------------------------|-------------------|
| Premiums . . . . .                                            | \$29,622,441.32   |
| Interest and Rent:                                            |                   |
| Mortgage Loans . . . . .                                      | \$3,941,970.22    |
| Collateral Loans . . . . .                                    | 392,159.17        |
| Bonds . . . . .                                               | 1,240,150.27      |
| Loans to Policyholders . . . . .                              | 1,171,066.89      |
| Rent . . . . .                                                | 829,983.77        |
| Other Interest . . . . .                                      | <u>87,283.58</u>  |
| Total Interest and Rent . . . . .                             | 7,662,613.90      |
| Profit from Securities Sold and Non-Admitted Assets . . . . . | 216,013.68        |
| Other Income . . . . .                                        | <u>797,662.52</u> |
| Total Income . . . . .                                        | \$38,298,731.42   |

### DISBURSEMENTS

|                                                                       |                     |
|-----------------------------------------------------------------------|---------------------|
| Death and Disability Claims . . . . .                                 | \$6,706,045.91      |
| Matured Endowments . . . . .                                          | 766,593.00          |
| Annuities and Surrender Values . . . . .                              | 4,099,181.97        |
| Dividends to Policyholders . . . . .                                  | <u>3,404,972.67</u> |
| Total Paid to Policyholders . . . . .                                 | \$14,976,793.55     |
| Agency Expenses . . . . .                                             | 5,088,167.86        |
| Medical, Inspection, and Legal Fees . . . . .                         | 186,304.98          |
| Advertising, Printing, Stationery, and Rent . . . . .                 | 684,138.85          |
| Taxes, State Licenses, and Fees . . . . .                             | 912,249.10          |
| Other Insurance Expenses . . . . .                                    | 1,444,116.44        |
| Investment Expenses . . . . .                                         | 655,709.25          |
| Loss on Assets Sold or Marked Down . . . . .                          | 243,149.31          |
| Payments from Funds Left on Deposit and Other Disbursements . . . . . | <u>1,121,224.52</u> |
| Total Disbursements . . . . .                                         | \$25,311,853.86     |
| Excess Income . . . . .                                               | \$12,986,877.56     |

## APPENDICES

### ASSETS

|                                                                                    |                  |
|------------------------------------------------------------------------------------|------------------|
| Loans on Real Estate . . . . .                                                     | \$ 67,337,768.06 |
| <i>Amount of loan does not exceed the statutory percentage of appraised value.</i> |                  |
| Loans on Approved Collateral . . . . .                                             | 5,970,754.19     |
| Loans to Policyholders . . . . .                                                   | 20,564,117.01    |
| <i>In no case does amount of loan exceed the reserve held by the Company.</i>      |                  |
| Bonds Owned . . . . .                                                              | 24,043,487.09    |
| Real Estate Owned . . . . .                                                        | 7,162,223.16     |
| <i>Including Home Office Building.</i>                                             |                  |
| Interest Due and Accrued . . . . .                                                 | 1,929,075.62     |
| Outstanding and Deferred Premiums—                                                 |                  |
| Life Department . . . . .                                                          | 2,905,030.06     |
| Accident Department . . . . .                                                      | 783,781.10       |
| <i>Net amount—Reserve charged in Liabilities.</i>                                  |                  |
| Cash on Hand . . . . .                                                             | 1,574,297.90     |
| <i>Including \$1,505,773.05 of deposits drawing interest.</i>                      |                  |
| Other Assets . . . . .                                                             | 2,944.73         |
| Total Admitted Assets . . . . .                                                    | \$132,273,478.92 |

### LIABILITIES

|                                                                               |                  |
|-------------------------------------------------------------------------------|------------------|
| Reserves on Policies . . . . .                                                | \$109,939,446.59 |
| Reserve for Claims Approved, Payable in Installments . . . . .                | 3,585,123.00     |
| Claims Awaiting Proofs . . . . .                                              | 1,330,430.88     |
| Premiums and Interest Paid in Advance . . . . .                               | 494,474.36       |
| Reserved for Taxes, Payable, 1928 . . . . .                                   | 849,000.00       |
| All Other Liabilities . . . . .                                               | 758,891.40       |
| <i>Including \$186,049.10 for agents' commissions in Accident Department.</i> |                  |
| Total Liabilities . . . . .                                                   | \$116,957,366.23 |
| Capital Stock . . . . .                                                       | \$ 4,000,000.00  |
| Surplus Set Aside for Future Dividends to Policyholders . . . . .             | 4,524,479.47     |
| Surplus Unassigned . . . . .                                                  | 6,791,633.22     |
| Total . . . . .                                                               | \$132,273,478.92 |

## IX. CHRONOLOGICAL TABLE

Principal known events pertaining to the Pacific Mutual that occurred during its first sixty years, arranged in chronological order.

- 1867—Articles of Incorporation signed, December 28.
- 1868—Articles of Incorporation filed with Secretary of State, January 2.  
By-Laws adopted; first officers and executive committee appointed, February 20.  
Space for home office leased, March 30.  
Cash capital all paid in, and guarantee notes secured, by April 20.  
First applications for life insurance received, May 15.  
First death claim presented, November 13.  
American Mortality Table first published.
- 1869—First taxes on premiums paid, April 2.  
First dividend on capital stock paid, July 20.
- 1870—Life Insurance Companies' Act passed in Great Britain.
- 1871—Services of Actuary Elizur Wright employed.  
Issuance of non-participating policies begun.
- 1872—Dr. Cluness succeeded Dr. Frey as Physician-in-Chief.  
Company participated in election of Insurance Commissioner, March 4.
- 1873—Benjamin D. Kennedy became first regular Actuary.  
First distribution of surplus to policyholders.
- 1874—Company paper, "The Pacific Mutual Advocate," first published.  
Schreiber & Howell sold their agency interests to the Company.  
Secretary Crackbon, deceased, succeeded by A. C. Valliant.
- 1875—Trust Fund Association organized.  
Mutual Investment Contract first issued.  
First Chinese risks accepted.

## APPENDICES

- 1876—Dr. Moore appointed Superintendent of Agencies, August 5.  
Leland Stanford resigned as Director and President.  
J. H. Carroll elected President; Dr. Moore, Vice-President.  
General Agency organized in San Francisco.  
Alliance Mutual Life Assurance Society reinsured.
- 1877—Secretary Valliant, deceased, succeeded by Jerome C. Carroll.  
General Agency in Los Angeles organized.
- 1880—J. H. Carroll resigned as President.  
Dr. Moore elected President; Dr. Cluness, Vice-President.  
Secretary Carroll, resigned, succeeded by E. B. Mott, Jr.
- 1881—Home office transferred from Sacramento to San Francisco,  
October 1.  
Board of Directors reorganized.
- 1882—Secretary Mott, deceased, succeeded by J. N. Patton.  
First number of "The Pacific Mutual" published, July.
- 1883—Judge Clark, Counsel, deceased, succeeded by Charles N. Fox.  
First agency meeting at the home office.  
Reserves changed from 4½ to 4 per cent basis.
- 1885—Accident Department established, March 31.  
First accident claim paid, July 10.  
Actuary Kennedy, deceased, succeeded by Major William O. Gould.
- 1886—Dr. Cluness resigned as Vice-President; George W. Beaver  
elected.
- 1888—Railroad Installment business begun.
- 1890—Danford M. Baker, with W. P. Motley and Thomas McDearmon,  
appointed General Agents at Kansas City.
- 1891—Kilgarif & Beaver appointed General Agents at San Francisco.
- 1893—Pacific Mutual Building in San Francisco opened, January 10.  
Mr. Baker appointed General Agent at Chicago, June.  
Leland Stanford deceased, June 21.  
Great financial panic occurred.
- 1894—First convention of general agents held at Kansas City.
- 1895—Industrial Department established.
- 1897—Marvin R. Higgins appointed Superintendent of Agencies.  
Capital stock increased from \$100,000 to \$200,000.
- 1898—War permits ordered.



## PACIFIC MUTUAL LIFE INSURANCE COMPANY

- 1899—Interstate Casualty Company of New York reinsured.
- 1900—Vice-President Beaver, deceased, succeeded by George W. Scott.  
Secretary Patton, deceased, succeeded by S. M. Marks.  
Reserves changed from 4 to 3½ per cent basis.  
Big Tree trade-mark first used.
- 1901—Industrial Department sold to the Metropolitan Life.  
Capital stock increased from \$200,000 to \$500,000.  
Actuary Gould deceased, January.
- 1903—Monthly Premium accident business begun.
- 1904—John F. Roche appointed Actuary, January 1.  
Second convention of general agents held at Kansas City, October.  
Permanent total disability, and accident and sickness disability benefits first issued with life policies.
- 1905—Armstrong Investigation in New York.  
Dr. Moore resigned as President, October 9; Henry T. Scott elected President.  
Agreement of sale of a majority of Pacific Mutual stock to George I. Cochran and associates signed, December 13.  
Consolidation of Pacific Mutual and Conservative Life begun.
- 1906—Consolidation completed.  
Capital stock increased from \$500,000 to \$700,000, February 13.  
Henry T. Scott resigned as President; Wilbur S. Tupper elected President.  
Board of Directors and Official Staff reorganized.  
San Francisco earthquake and fire, April 18.  
Home Office transferred from San Francisco to Los Angeles, May 18.  
Wilbur S. Tupper resigned as President; George I. Cochran elected President, Gail B. Johnson, Vice-President, June 29.  
Capital stock increased from \$700,000 to \$1,000,000.  
Mr. Baker transferred from Chicago to home office, and placed in charge of Accident Department, July.  
Gail B. Johnson elected Treasurer, and Superintendent of Agencies.  
Branch office created at Chicago.

## APPENDICES

- 1907—Dr. Cluness resigned as Medical Director; Dr. John L. Davis appointed Medical Director.  
Application Committee (Life) organized.  
Mutual Investment Contract withdrawn.
- 1908—First unit of Pacific Mutual Building, Los Angeles, completed, October.
- 1909—Dr. John L. Davis resigned as Medical Director; Dr. W. W. Beckett appointed Medical Director, January.  
First policyholders' number of "Pacific Mutual News" issued, February.  
W. H. Davis elected General Counsel, March.  
John F. Roche resigned as Actuary; Alfred G. Hann appointed Actuary, October.
- 1912—Lee A. Phillips placed in charge of Investment Department.  
Issuance of Deferred Dividend Policies discontinued.
- 1913—Branch office created at New York.
- 1914—School for Salesmen organized.
- 1915—Agency convention and Panama-Pacific Exposition, August.  
Pacific Mutual Agency Association organized.  
Big Tree Club organized.  
Employees' Benefit Fund created.  
Accidental Total Loss, and Old Age Benefits first issued.
- 1916—Ex-President Dr. George A. Moore, deceased, January 8.  
Big Tree Club convention at St. Louis, September.
- 1917—Second unit of Pacific Mutual Building completed.  
Policyholders' Month (March) instituted.  
Lunch room for employees opened.  
Director Joseph H. Clark, deceased, March 10.
- 1918—Field Service Department created, January.  
Big Tree Club convention in Yosemite Valley, June.  
Non-Cancellable Income Policy first issued, August.  
Vice-President Gail B. Johnson, deceased, September 7.  
Lee A. Phillips elected Vice-President and Treasurer, September 20.  
Danford M. Baker appointed Superintendent of Agencies, September 20.  
Dr. W. R. Cluness, deceased, October 18.

## PACIFIC MUTUAL LIFE INSURANCE COMPANY

- 1919—Big Tree Club convention at Pittsburgh, September.  
Capital stock increased from \$1,000,000 to \$1,200,000.
- 1920—Capital stock increased from \$1,200,000 to \$1,500,000.  
Health and Welfare Department created.  
Claims Committee appointed, April 23.
- 1921—Director J. C. Drake, deceased, March 13.  
Third unit (twelve stories) of Pacific Mutual Building completed, July.  
Big Tree Club convention at Home Office, July.
- 1922—Branch office created at San Francisco, January.  
Director Isaac Milbank, deceased, August 13.
- 1923—Service pins adopted.
- 1924—Agency Committee organized.
- 1925—Capital stock increased from \$1,500,000 to \$3,000,000.  
Branch office created at New Orleans.  
Sub-standard business first accepted.  
Non-Medical business begun.
- 1926—Loan Committee organized, February 26.  
Underwriting Committee organized, February 26.  
Non-Cancellable Application Committee organized, February 26.  
Home Office Management Committee organized, February 26.  
Big Tree Club convention at Colorado Springs, June.  
Three-story unit of Pacific Mutual Building completed.
- 1927—Capital stock increased from \$3,000,000 to \$4,000,000.  
Branch office created at St. Louis.

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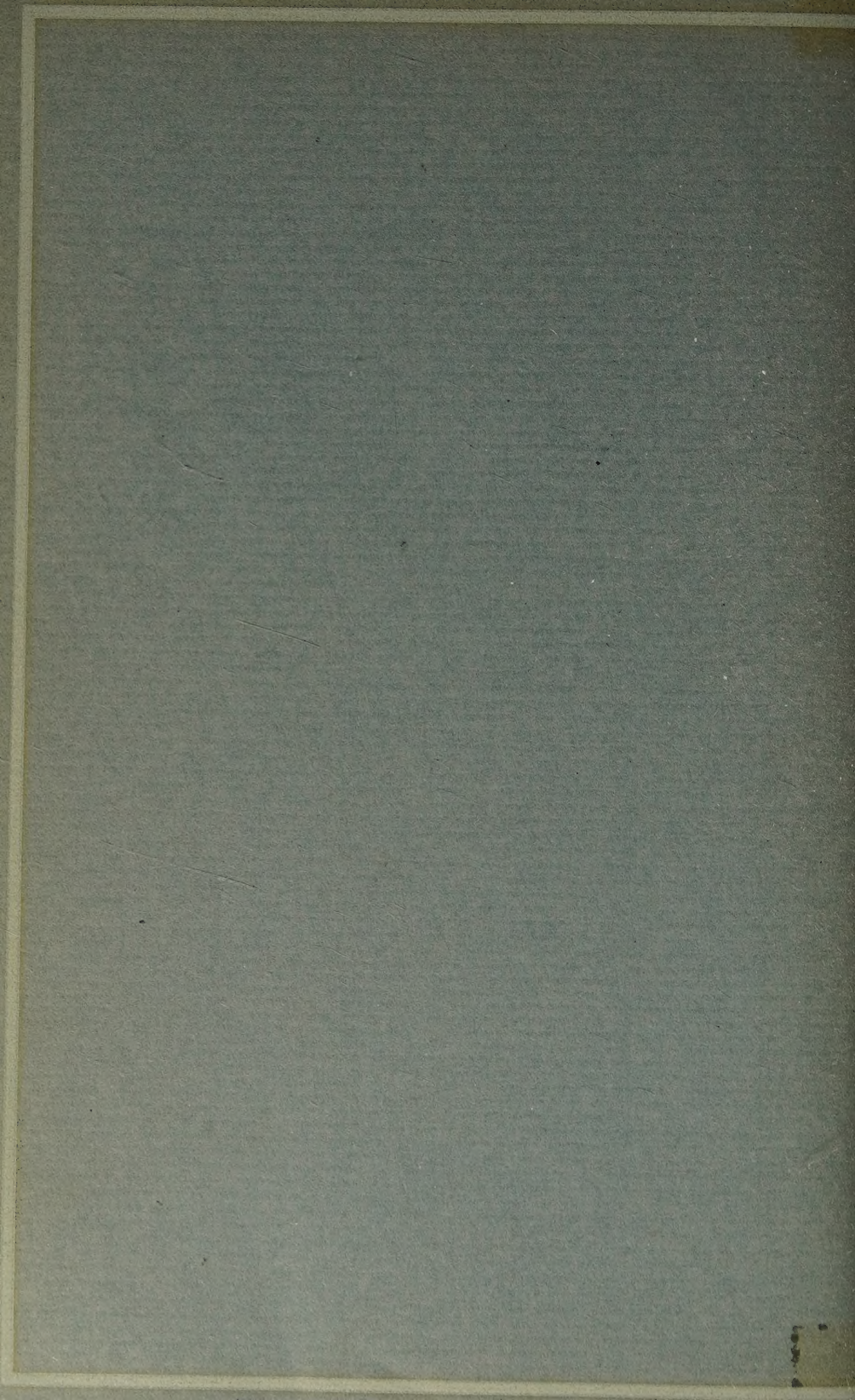
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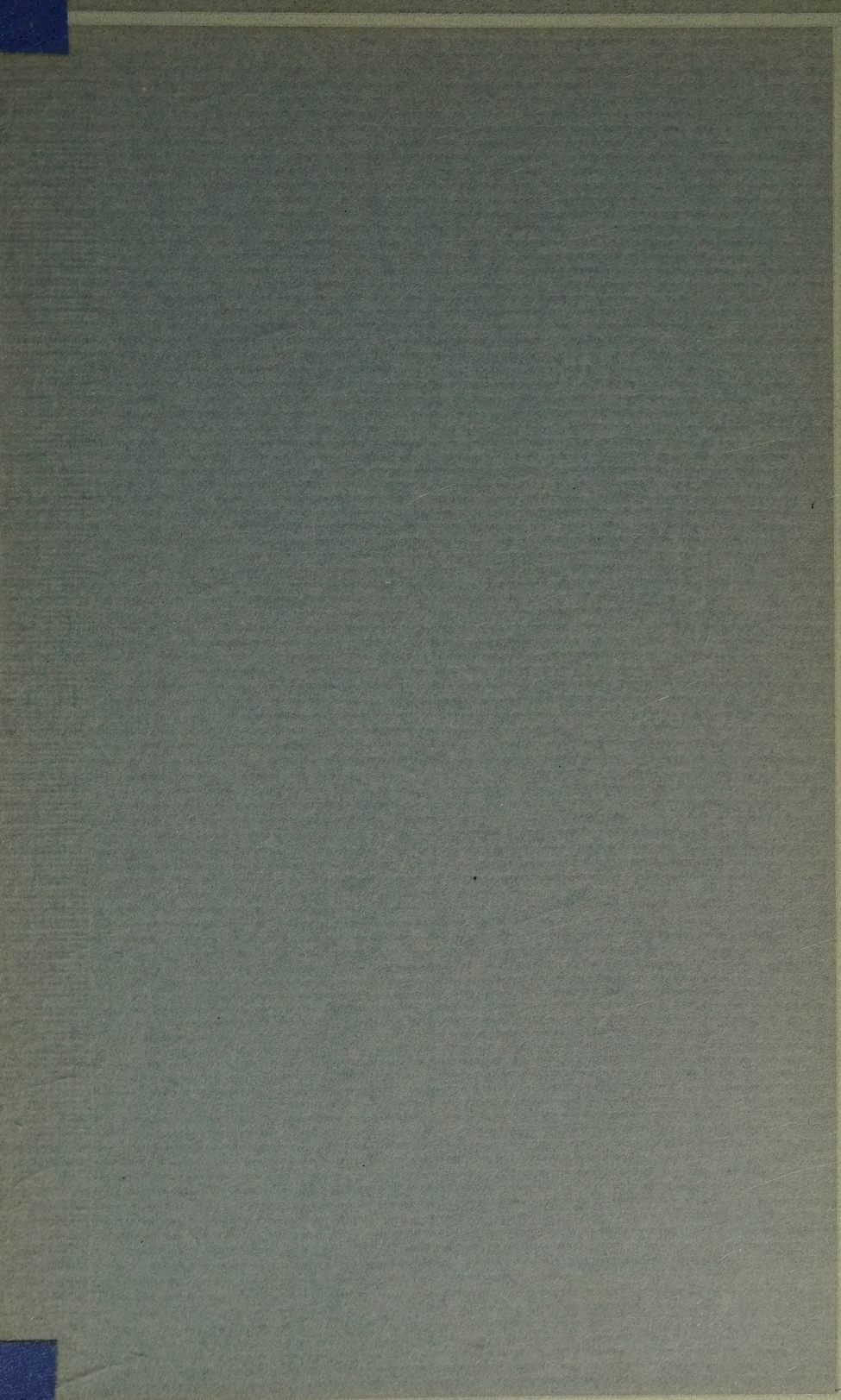
















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